

BBC Heads Out (With a Guide) To New Frontier: TV in America

By Tom Buerkle
International Herald Tribune

LONDON — The British Broadcasting Corp., the self-styled high-class act of English-language television, is about to enter the land of Hollywood.

The BBC, Britain's publicly funded broadcaster, signed a long-awaited agreement with the American owners of the Discovery Channel on Thursday to create a group of television channels offering documentaries, nature and arts programs on global markets. The two companies also will establish a new cable channel, BBC America, that will offer British programs to U.S. viewers.

The \$665 million deal announced here culminated 18 months of negotiations and represented the biggest step yet in the BBC's determined attempt to expand globally through commercial ventures. But the plans have prompted some politicians and commercial rivals to argue that the BBC is overstepping its role as a public television company, and some TV critics worry that the BBC might lower its standards in a drive for dollars.

John Birt, the director-general who has driven the commercial expansion, said the venture was the BBC's answer to digital broadcasting technologies, which increase the number of channels and make programming from all over the world available globally. He also insisted that quality and independence would not suffer because the accord gives the BBC editorial control of all co-productions and the programming of BBC America.

"This partnership will help the BBC become the world's leading global broadcaster," Mr. Birt said. "It will give the U.K.'s creative talent and British program makers a showcase for their achievements right across the world."

John Hendricks, the founder and chairman of Discovery Communications Inc., said the two partners shared a commitment "to educating, entertaining and inspiring" their viewers. Rather than tailoring the BBC's offerings to American tastes, Mr. Hendricks said, Discovery planned to sell BBC America to U.S. cable operators on the strength of its "fresh, new perspective."

Under the agreement, Discovery Communications Inc. will spend nearly \$300 million to develop and market the channels and invest \$175 million over five years into BBC programming to air on those channels. The venture begins with two existing offerings: Animal Planet, a nature program currently available to about 37 million homes in North and South America and an additional 1 million in Northern Europe, and People and Arts, a channel featuring cultural and docu-

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Europeans See Progress in Kosovo Talks With Belgrade

The French and German foreign ministers reported progress in Belgrade on Thursday on resolving the Kosovo crisis. Above, relatives mourning the death of an ethnic Albanian, Qerim Murqi, who was killed Wednesday during clashes between Serbian riot police and demonstrators in the Kosovo town of Pec, west of Pristina. Page 4.

Darn! A Debate on NATO Today?

U.S. Senate Deliberations on Expansion Get Off to Chaotic Start

By Katharine Q. Seelye
New York Times Service

WASHINGTON — Some senators said they would rather be debating education.

Another complained that one of the most important changes in America's commitment to defend Europe had been turned into "filler" between more important debates.

Yet another praised his home-state basketball team.

On the floor of the U.S. Senate on Wednesday, the official topic was whether to approve the treaty admitting Poland, Hungary and the Czech Republic to membership in the North Atlantic Treaty Organization. But much of the discussion revealed a Senate, historically the scene of great oratorical struggles over foreign policy, barely engaged in an issue that would redraw the world's political boundaries.

This is a chamber that in the past has turned nearly funeral with respect for its international obligations — whether war against Iraq, withdrawal from Vi-

etnam, or establishing a United Nations. But, perhaps as a reflection of the buoyancy of peace and prosperity, the Senate took up NATO expansion on Wednesday as an afterthought, debating it for a second day in a row only after chaotic scheduling had short-circuited a debate on education.

The procedural confusion only highlighted how backdoor the Senate's approach has become to one of the most profound changes in a generation to America's security commitments in Europe.

"It's being used as filler," said Senator Joseph Biden, Democrat of Delaware, who was leading the debate in favor of NATO expansion.

The schedule itself became part of the debate, with the Democrats taking the opportunity to ridicule the Republicans, who control Congress, for not debating topics that people really care about, like education.

"This vote on NATO," asserted Senator Paul Wellstone, Democrat of Minnesota, referring to the start of debate, "is not about what our position is on NATO. It

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New China Leader Vows to 'Blaze Trail'

Prime Minister Zhu to Focus On Keeping Economy Strong

By Steven Mufson
Washington Post Service

BEIJING — The new Chinese prime minister, Zhu Rongji, vowed Thursday to fend off the Asian financial virus and keep economic growth at 8 percent, while asserting his support for the handling of the 1989 pro-democracy crackdown in which several hundred student-led demonstrators were killed.

Although Mr. Zhu did not stray from the usual government positions during his maiden press conference as prime minister, he projected a relaxed, personal style, bantering with foreign and domestic journalists and fielding questions on everything from economic reform and shoddy civil servants to the 1989 massacre and his personal concern about the future, on a live national television broadcast.

His one-and-a-half-hour performance riveted Chinese audiences, who have endured countless ritual press conferences that have normally featured pre-screened questions and pre-packaged answers.

"I'm afraid I will let the people down," Mr. Zhu said. "But no matter what is awaiting me — whether it be land mines or an abyss — I will blaze my trail. I have no hesitations or misgivings."

Confidence and sophistication — not anxiety or closed-mindedness — are what Mr. Zhu radiated.

He praised a Time magazine photograph of himself and lamented an unflattering one in Newsweek, but conceded that the latter was more accurate. "I can't really blame Newsweek because, in fact, I am rather ugly," Mr. Zhu joked. Later, spotting the attractive anchor for a Hong Kong-based satellite television channel partly owned by the media magnate Rupert Murdoch, Mr. Zhu told the assembled journalists, "I really enjoy watching her show."

If the new prime minister is going to blaze new trails, for now they seem to be mostly economic ones. Mr. Zhu, who is also ranked No. 3 in the Communist Party, was most cautious in answering political questions.

Asked how his own outlook had been shaped by experiences in labor camps after being labeled a "rightist" in a

1958 campaign against intellectuals who had criticized the Communist Party, Mr. Zhu said: "I learned deeply from it. It was not a happy experience. I do not want to talk about it."

He said the Communist Party was "of one mind" about the "political disturbances" around Tiananmen Square in 1989. Mr. Zhu said that the Communist Party had "drawn conclusions" about the incident that "will not be changed."

He noted that at the time he was in Shanghai, where his televised plea persuaded students to leave Shanghai's main square.

Mr. Zhu's comments Thursday appeared to close off the hopes of many Chinese that Mr. Zhu, whose party membership was stripped in 1958 and

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U.S. Feels Sting Of Asian Crisis As Trade Gap Sets a Record

Compiled by Our Staff From Dispatches

WASHINGTON — The effects of the Asian economic crisis hit America's shores in January, swelling the U.S. trade deficit to \$12 billion with the imbalance in goods climbing to an all-time high.

The increase led to sharp words from the Clinton administration, which used the strongest language yet to urge Japan to do more to stimulate its domestic economy as a way of promoting growth in the rest of Asia and reversing its trade gap with the United States.

"If the Japanese economy doesn't get moving, the likelihood of these other economies' improving is rather slim," said Commerce Secretary William Daley. "They are the key player."

The Commerce Department reported Thursday that the overall deficit in goods and services rose 10.5 percent from a revised December figure of \$10.9 billion. The imbalance with the newly industrialized Asian nations rose to the highest level since 1990.

The U.S. trade gap with Japan, which on Thursday reported a big jump in its trade surplus with the rest of the world, fell to \$4.38 billion in January from \$5.11 billion in December.

The January deficit was the highest since the department instituted the current measure of trade in 1992, but it was not the highest on record. The average monthly deficits topped \$12 billion in late 1987, when the data were calculated on a quarterly basis.

The January trade report offered dramatic proof that the Asian crisis would have negative effects on the American economy. Most economists believe that overall growth could be slashed by as much as one percentage point this year as the U.S. trade deficit skyrockets.

The administration, worried about rising deficits, for months has been pressuring Japan, the world's second-largest economy, to do more to stimulate domestic demand through tax cuts and increased public-works spending as a way of providing markets for Asian goods.

In unusually frank language, Mr. Daley mentioned the weak Japanese currency as one of the problems faced by the

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Leaders of House Weigh Dealing With Starr Report

By David S. Broder
and Susan Schmidt
Washington Post Service

WASHINGTON — The speaker of the House, Newt Gingrich, and the chairman of the House Judiciary Committee have agreed to send a small group of House members at the appropriate time to examine evidence assembled by the independent counsel to determine if there is any basis for the committee to consider impeachment charges against President Bill Clinton, according to officials who have been briefed by both men.

No timetable has been set, but the officials said they contemplated that the first staff-level contacts with the independent counsel, Kenneth Starr on the status of his four-year investigation would occur in the near future.

Congressional sources said Mr. Gingrich and Henry Hyde, Republican of Illinois and chairman of the House Judiciary Committee, recognized the potential explosiveness of the information Mr. Starr is believed to be developing. While both men have said repeatedly they do not expect a need for impeachment proceedings, the plan to send a small group of trusted members to review material in the independent counsel's files is seen as a precautionary measure to avoid surprises. Both are aware they would face intense — and probably conflicting — public pressure if and when Mr. Starr said it was time for Congress to consider whether Mr. Clinton should face impeachment.

Any preliminary pursuit of the independent counsel's files by members of Congress would require Mr. Starr's cooperation. The planned staff contacts are designed largely to explore when and how Mr. Starr might consider such an arrangement.

Newsstand Prices	
Andorra	10.00 FF Lebanon
Arville	12.50 FF Morocco
Cameroon	1.800 CFA Qatar
Egypt	10.00 FF Saudi Arabia
France	1.100 CFA Senegal
Gabon	2.800 CFA Spain
Ivory Coast	1.250 CFA Tunisia
Jordan	1.250 JD U.A.E.
Kuwait	700 FFs U.S. M. (Eur.)

Neither Mr. Gingrich, Republican of Georgia, nor Mr. Hyde has met with Mr. Starr, and their plans appeared to be proceeding on a separate track from those of the independent counsel. Lawyers in Mr. Starr's office are working on a draft report for Congress but have not determined its scope or timing. One source said the Gingrich-Hyde plan would be triggered only after Mr. Starr made a formal referral in Congress, as specified in the independent counsel law.

The Gingrich-Hyde agreement came after several days of public sparring over leaks suggesting Mr. Gingrich might bypass the Judiciary Committee — the traditional venue for impeachment — and appoint a select committee to consider the Clinton matter. Officials said the speaker and the Illinois Republican emerged from a one-on-one meeting "in tandem" on how the first steps toward possible consideration of impeachment charges would proceed.

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Ghana Races Frantically To Greet a Special Guest

Clinton and Corps of 800 Tax Nation's Facilities

By Howard W. French
New York Times Service

ACCRA, Ghana — The last time this country received a visitor of such note, it was nearly four decades ago, and the guest was a young Queen Elizabeth II. Newly independent and lacking the kinds of accommodations typically reserved for royalty, the government hurriedly built an extension to a white-washed old fort that still serves today as its state house.

Ghana's government is again frantically preparing for a special guest, President Bill Clinton, who is to stop here Monday on the first leg of a six-nation African tour. Mr. Clinton's visit will be the first by a U.S. president to sub-Saharan Africa in 20 years.

But to the weeks since Mr. Clinton's visit was confirmed, no amount of rushing seems to have sufficed to meet his logistical needs.

Though Queen Elizabeth arrived here

with an entourage of a couple of dozen royal handlers and aides, Mr. Clinton is bringing a super-sized delegation of about 800 people, including the press.

After much hand-wringing and planning sessions by advance teams and Ghanaian officials that even resulted in a trimming of the delegation size, it was decided that Mr. Clinton could simply not stay overnight in Ghana.

There were just not enough hotel rooms.

In its own way, the mismatch between a U.S. presidential delegation and the available hotel space in a West African capital like Accra, sums up in miniature the gap between rich and powerful America and a largely poor Africa.

With the possible exception of South Africa, each stop on Mr. Clinton's itinerary, from Ghana to Uganda, and Botswana to Senegal and Rwanda, will serve up reminders of just how rarely the

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AGENDA

Clinton to Announce an Easing Of Some Restrictions on Cuba

WASHINGTON (Reuters) — President Bill Clinton is expected to announce an easing of U.S. policy toward Cuba on Friday, including direct flights to the island, a senior administration official said Thursday.

He said there would be no lessening of the economic embargo, but that the steps would include permitting remittances from the United States to Cuba of \$1,200 a year per household and fewer restrictions on sales of medicines to humanitarian organizations.

20-Year Term Is Asked for Papon

A state prosecutor asked a French court in Bordeaux on Thursday to sentence the accused Nazi collaborator Maurice Papon, 87, to 20 years in prison for his role in the arrest and deportation of Jews during World War II.

Many of the civil plaintiffs in the highly charged case had hoped the prosecution would demand a full life jail term, and bitterly criticized the decision to seek a lesser sentence. Page 4.

Strike at 2 Channel Ports and Tunnel

CALAIS, France (AP) — French port workers on the English Channel planned to strike Friday for 24 hours and to block the Channel Tunnel to protest the European Union's end of duty-free ferries and a plan to allow the hiring of foreigners at lower wages. Strikers were to begin blocking Calais and Boulogne at 5:45 A.M.



FORWARD-LOOKING — Chancellor Helmut Kohl appearing in touch with the computer age Thursday at the public opening of the CeBIT fair in Hannover. Page 4.

Anatomy of a Price 'Riot'

Misunderstanding Sparked Indonesian Violence

By Thomas Fuller
International Herald Tribune

PASURUAN, Indonesia — Until a few weeks ago, this small provincial town was best known for its sugar mills. But following reports of wide-scale looting and frenzied anti-Chinese violence last month, Pasuruan became a symbol of Indonesia's explosive potential for racial strife and civil unrest.

According to initial news accounts, as many as 400 people mobbed the town, attacked a Chinese-owned business, shouted anti-Chinese slogans and looted across a wide area as they went. A similar pattern has been reported in about 20 spots around the country since the beginning of the year.

Interviews with witnesses, religious leaders and merchants in Pasuruan, however, suggest that the reports of a looting spree were untrue, that it was not a Chinese-owned business that was attacked and that the trigger for the riot was not racial, but a simple misunderstanding over the price of kerosene.

It has been almost commonplace, as

Indonesia's financial crisis lurches onward, to hear predictions of massive social unrest and anti-Chinese pogroms in the country. With an economy virtually paralyzed following the 70 percent devaluation of the rupiah, conventional wisdom suggested that the crisis would lead to violence and that the country's ethnic Chinese community would be the prime target, as it has been many times in the past.

Future social tensions may be hard to predict, and few residents in and around Pasuruan deny the strong anti-Chinese undercurrents that have existed since Dutch colonial times. But if Pasuruan's riot of Feb. 2 is any guide, the reports of last month's unrest across the country were exaggerated. The target of protesters' ire here, a kerosene wholesaler, was not Chinese, but an indigenous Indonesian. And according to one account, numbers misunderstood on a television news report may have ignited the angry response.

Across Indonesia, five people are re-

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A Fraying Social Net/ 'Excluded' Workers Decry System

A Bitter Pill for France's Jobless: They Can't Live Well on Welfare

By Craig R. Whitney
New York Times Service

PARIS — Like the more than 3 million other French workers who cannot find a job, Yves Hell is angry. He lost his job as a clerk in Marseille in December, and now, at age 35, he has had to give up his small apartment there and move in with his retired parents.

What he is angry about is not so much the difficult job market or being let go as the unexpected inability of the vaunted French welfare system to provide him with a decent standard of living.

"You can't live as well on unemployment today as you could 10 years ago," he complained. When unemployed workers took to the streets in Marseille this winter to demand a year-end \$300 bonus payment to help them start the new year, he joined them.

Thousands of unemployed workers have marched on welfare offices around the country demanding large increases in benefits and, indeed, making a few gains. Last month, the government increased welfare payments. But protesters still want 10 times as much and plan to continue demonstrating into the spring.

The pattern of worker entitlement, protest and government capitulation is deep-rooted here, and has swollen the French welfare state into one of the most comprehensive and costly in Europe. But now, with French unemployment running at more than 12 percent since 1996, with a mandate to cut spending for the introduction of Europe's common currency and with growing international business competition, this pattern is near the breaking point.

This year, the French economy is expected to post a healthy 3 percent gain — its best growth in eight years — but it will not produce many new jobs. The job shortage in the face of a gradual recovery is a problem bedeviling not just France but all of Western Europe, where entrenched expectations that the state will look out for its workers are colliding with the pitiless challenges of global competition.

As economic growth picks up, the unemployed French feel as though they are being left behind, and that is putting the country at the epicenter of a collision between Europe's new order and the old. For generations, the French have generally assumed that their rich farmland and their proud industrial base would provide either the jobs or the "decent means of existence" promised in the preamble to the constitution.

Financed by some of the world's highest tax rates, the growing welfare system in Europe has flourished. It elevated 300 million people to some of the world's highest living standards, provided affordable medical care, public swimming pools and a superb educational system.

But much of that is financed by payroll taxes on employers that are among the steepest in the world. Now, many business leaders argue that the price of social protection is too high in a world of intense competition from Asia to the United States. Taxes and benefits are the main reasons employers say they are not creating jobs in Europe and especially in France.

Lionel Jospin, the Socialist prime minister who was elected last June on promises to make jobs his first priority, recently found a little extra money for social measures thanks to higher-than-expected economic growth last year. He raised welfare payments 8 percent, instead of the 2 percent plan that had brought demonstrators to the streets. But he took pains to say, "I am for a society that works, not a society of assistance."

But where Prime Minister Tony Blair of Britain has proposed cutting business taxes and giving people on welfare tax incentives to look for jobs, Mr. Jospin is placing his hopes for job creation on continued economic growth and a much-debated plan to reduce the work week from 39 hours to 35 hours without cutting pay.

Shorter weeks will create hundreds of thousands of jobs, he maintains. But employers say that without strong growth, the change could drive up costs and create even more layoffs.

In the United States, corporate America cut tens of thousands of jobs in the last decade or so, but unemployment eventually declined to record lows thanks mostly to a surge in new jobs in services. But like France, the U.S. government repeatedly had extended jobless benefits and created programs for the long-term unemployed during its period of transition until the U.S. economy began creating hundreds of millions of new jobs — a trend that is barely beginning now in France.

Many of the long-term unemployed feel "excluded," a word that in French means being outside normal society and carries the connotation of alienation and poverty.

Most had assumed they lived in a society that would never leave them to fend for themselves. Believing that even France's labor unions did not represent their interests, many of the "excluded" have formed militant groups like the ones that led the sit-ins at welfare offices.

One example is A.C.I. — an organization formed in 1994 whose initials in French signify "Act Together Against Unemployment," and are pronounced like the French word *assez*, or enough. It grew out of the traditional union movement and was one of the instigators of the demonstrations this year to occupy welfare offices around the country.

Jacqueline Maman helped open a self-help storefront office for the unemployed in the 20th arrondissement of Paris, a formerly working-class neighborhood now heavily populated by North African immigrants.

Her National Movement of Temporary and Unemployed Workers, a group similar to A.C.I., concentrates on the problems of working women like herself, many of them single or divorced mothers with children.

She opened the office after finding, to her astonishment, that the temporary jobs she was lucky enough to land occasionally required her to contribute part of her pay to unemployment insurance. But even with those contributions, she could not get benefits after her job ended.

"The unions and the employers administer the unemployment insurance and pension system, but people who are permanently out of work have no voice in how the money is spent," said Madame Maman, a 49-year-old former secretary.

"The unemployed should sit on those boards," she said. "But the union leaders don't even want to know about the likes of us."

Jean-Jacques Leclerc, a 47-year-old single father in Marseille who is unemployed, volunteered to help in the A.C.I. campaign to occupy welfare offices in December. "I felt I had to do something," he said. "I couldn't just stay at home doing nothing."

Mr. Leclerc, who uses a cane because of abuse he said he suffered as a child, said his last job, as an accountant, ended five years ago when his employer went bankrupt.

He is still looking for work, he said, and lives on a disability pension of about \$400 a month. He also gets a rent allowance that pays for the apartment in the center of the city for him and his three sons and family allowances that average about \$150 a month for each of the boys.

"That money belongs to them, not me," Mr. Leclerc said. "The boys like to have home-cooked Sunday lunch at home just like any other French family, and I try to make them a good Provencal meal."

His family health insurance is free, as it is for people on welfare, and it would pay, Mr. Leclerc said, for psychiatric counseling for the boys to help them get through the problems they experienced after their mother abandoned the family four years ago, for reasons he said were not connected with his losing his job.

"Look at the fortunes being made on the stock market," he said. "I can't even afford a basketball for my oldest."

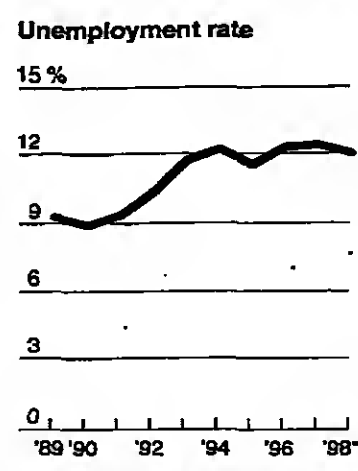
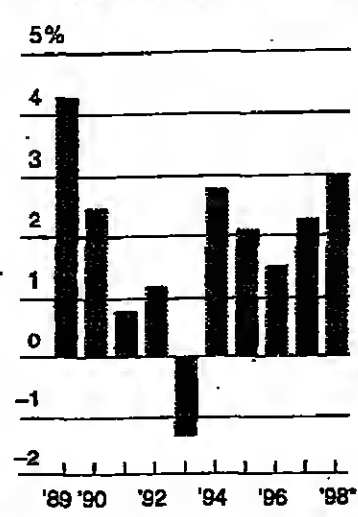
Mr. Hell, the 35-year-old clerical worker who moved into his parents' apartment in Marseille, nodded in understanding. He is attending classes at the tuition-free Saint-Charles University in Bordeaux to get his French secondary-school diploma, the baccalauréat.

"I want to show that it is possible to escape this unemployment trap," he said.

Growth Without Jobs

The French economy is growing, but the unemployment rate remains high.

Real gross domestic product
Percent change from previous year



* 1997 and 1998 are estimates.

Source: Organization for Economic Cooperation and Development

Getting By

Typical benefits for a single parent of three, unemployed for several years...

In France	
WELFARE	\$400
RENT ALLOWANCE	333
FAMILY ALLOWANCE	433
TOTAL	\$1,166

In the United States

May qualify for Medicaid, but it is not guaranteed.

In the United States	
WELFARE	\$414
FOOD STAMPS	353
TOTAL	\$767

* Average package of benefits, which would vary by individual and locale.

Source: Center on Budget and Policy Priorities (U.S. data)

The New York Times

In Brazil's Forest Fires, Indians See 'Apocalypse'

By Michael Astor
The Associated Press

ON THE YANOMAMI RESERVATION, Brazil — The midday sun burns red through the smoke rising from dozens of forest fires. For the Yanomami Indians, it is a sign of the apocalypse — and environmentalists fear they may be right.

A 3-month-old fire is raging out of control just across the Mucajai River, where firefighters are struggling to protect the Yanomamis from the worst conflagration in the history of this remote Amazon region.

But it may be too late. Dozens of smaller fires already are burning unchecked inside the 10 million hectare (25 million acre) reservation that is home to the world's largest Stone Age tribe.

Baby jaguars, separated from their mothers, lope along the road, past kilometer after kilometer of scorched forest. The fires are scaring away the game that sustains the reservation's 9,000 Indians.

"The turtles and the armadillos are disappearing," said Antonio Yanomami, who uses the tribe's name as a surname. "We have food for now, but I'm worried about later on."

So far, no Indians have died in the fire. But at least three *malocas*, or grass-covered huts, have burned down, said Mannel Canuto da Silva, who runs the Federal Indian Bureau post at Jarane, 190 kilometers (120 miles) southwest of the Roraima State capital, Boa Vista.

The sun glows red through the ghostly shroud of smoke, making the Yanomamis uneasy.

"This is the sign of the apocalypse for them," said Guilherme Danoli, an Italian priest who has lived among the Yanomamis since 1989. "They are beating on the walls of their houses to exorcise the evil spirits."

Others perform the Xabori ritual, drawing on the ground and chanting to bring rain.

"The rains will come tomorrow," Antonio asserted. Modern forecasters are less confident — they do not expect rain before mid-April.

Barely a 12th of a centimeter has fallen this year in Roraima, a wedge of land between Venezuela and Guyana. The unusual dry spell is the work of El Niño, a warming of waters in the Pacific that changes weather patterns worldwide.

Vegetation has dried to tinder, and the annual brush-burning by farmers, ranchers and Indians roared over savanna and pastures that cover much of the state. So far, only about one-fifth of the burned area is forest, but residents say the outlook is ominous.

"This is the first time I've seen the fire enter the forest," Father Danoli said. "If the rain doesn't come next month, the forest is gone."

The Yanomami Park Creation Commission, a local group, said that several hundred Indians were surrounded by flames in northern Amazonas State, where part of the Yanomami reservation is located, and that flames threatened to engulf the villages in five days.

But federal officials said the fires were at least 100 kilometers from the Yanomamis and that it would take hurricane-force winds to push the flames that quickly.

The governor of Roraima, Nildo Campos, said the fire had burned about 600,000 hectares, or about 3 percent of the state. One man was killed.

In Boa Vista, a city of 150,000, smoke forced the local airport to close for three days.

On Wednesday, federal environmental officials arrived in the city, 1,200 kilometers northwest of Rio de Janeiro, to meet with Mr. Campos and fly over the affected area.

Political wrangling has delayed federal aid, two months after Mr. Campos declared a state of emergency. Some say the state inflated reports of destruction to obtain more loans.

Gilberto Mendes, a firefighting specialist from Rio de Janeiro, at first thought it would take 1,000 firefighters to combat the blaze. After a closer look, he raised his estimate to 10,000.

Today, the state has just 270 firefighters and few tractors or other equipment.

The state's civil defense chief, Kleber Cerquinho, said firefighters had been deployed in Apia, one of the worst-hit regions that borders the Yanomami reservation. But he had to rely on journalists for progress reports — he had no way to communicate with his men in the field.

Drug-War Study Shifts the Blame

By Tim Golden
New York Times Service

WASHINGTON — After years in which U.S. officials have bitterly criticized Mexico's cooperation in the battle against drug trafficking, government inspectors have suggested that the United States may bear a greater share of the blame.

According to an assessment by the General Accounting Office, the investigative arm of Congress, planes, helicopters and ships sent to Mexico by the United States have largely been ineffective, inadequate or ineffective in the drug fight.

The inspectors were vague about precisely who was to blame. But they suggested that poor planning and coordination, particularly by the Pentagon, was the source of the problem.

"You would think that we would at least provide equipment that is fully operational at the time that it is provided," said Senator Dianne Feinstein, Democrat of California.

The accounting office's disclosures were made in congressional testimony that was intended to examine the Clinton administration's formal ruling last month that Mexico was fully cooperating to fight the drug trade. A Senate vote on a resolution to overturn the administration's "certification" of Mexico is expected next week.

Echoing the Clinton administration, officials of the accounting office noted a series of new Mexican laws, law-enforcement units and programs to fight drug traffickers. But the inspectors were for the most part less than impressed with the effects those changes have had.

DEATH NOTICE

OBITUARY



Moise Elghanayan, who died at the age of 52, was born in Iran to a wealthy Jewish family. His father David and his uncle Habib Elghanayan were leaders of the Jewish community in Iran. Habib was the Chairman of the Jewish Central Committee in Tehran for almost a quarter of a century. He became one of the first victims of the Islamic Revolution when on the direct orders of Ayatollah Khomeini, Habib Elghanayan was executed.

Moise had his elementary schooling in Tehran and was sent to London's Carmel College for his high school studies. He went to Boston (Babson College) for his university studies. He then set up his property and financial business in the US and later moved to Tehran.

He married Rhonda Borshapour in 1973 and his only David was born in 1975.

With the Iranian Revolution looming on the horizon, Moise moved out of Iran in August 1978 and settled in London, continuing with his property and financial services business.

Although he was born and lived in wealth, Moise was extremely humble and managed to befriend people from all walks of life. His vibrant and charming character attracted almost everyone who came into contact with him and he made excellent use of his contacts for charitable fund raising.

Moise was an active member of the World Sephardi Federation, London and the Iranian Jewish Centre. He also raised funds for publication of Judeo-Iranian Studies.

Moise's untimely death has deprived his community of his continuing contribution.

IN MEMORIAM

The World Sephardi Federation, London, mourns the loss of Moise Elghanayan, one of its most active members, who died in London last week at the age of 52.

The World Sephardi Federation, London, offers its deepest sympathies to Mrs Rhonda Elghanayan, his widow and David Elghanayan, his son, as well as the Iranian Jewish community for the loss of such a valuable and active member.

The charitable work of Moise should be a model for all those who believe in charitable and humanitarian activities.

On behalf of the World Sephardi Federation, England
President - Mr Sami Shamoun.

TRAVEL UPDATE

Strike Disrupts Channel Ferries

LONDON (AP) — P & O Stena Line is canceling services to Calais on Friday because of a 24-hour strike at the French port and will divert ferries to Zeebrugge, Belgium, the company said Thursday. Services will resume at 3 A.M. on Saturday.

P & O said it would operate six big ferries and three freight ships on the four-hour Zeebrugge run on Friday.

Taiwan Grounds Domestic Carrier

TAIPEI (AP) — Prime Minister Vincent Siew grounded a domestic carrier Thursday and ordered safety checks on the rest following the crash of a passenger plane, the second since February.

Mr. Siew told the cabinet that government supervision of flight safety appeared to have been lax. He grounded all Formosa Airlines flights pending safety checks, and called on authorities to ensure that flight crews from Taiwan's four international airlines and six small domestic carriers did not ignore rules and procedures.

A Formosa Airlines Saab 340 crashed into the sea shortly after takeoff late Wednesday, killing all 13 people aboard. Last month, a China Airlines Airbus crashed on return from Bali, Indonesia, killing 202 people.

Universal to Open Center in Beijing

BELING (Bloomberg) — Universal Studios said it will become the first Hollywood studio to open an American-style family entertainment and shopping center in China.

Scheduled to open this summer, Universal Studios Experience will be part of Henderson Center, a retail, office and apartment complex in Beijing developed by Henderson (China) Investment Co. The center will include high-technology, interactive and educational amusements for children and adults.

A passenger terminal at Cleveland's largest airport was evacuated Wednesday after a man rushed through a security checkpoint and disappeared. About 1,500 people were escorted from a concourse at Cleveland Hopkins International Airport while police with dogs trained to sniff out bombs searched for him. The alert ended two hours later. (AP)

WEATHER

Forecast for Saturday through Monday, as provided by AccuWeather.

Europe

High/Low W/W Forecast
C/F C/F C/F C/F

Algeria 20/11 13/3 20/11 13/3
Amsterdam 10/10 10/10 10/10 10/10
Athens 10/10 10/10 10/10 10/10
Auckland 10/10 10/10 10/10 10/10
Barcelona 10/10 10/10 10/10 10/10
Beijing 10/10 10/10 10/10 10/10
Berlin 10/10 10/10 10/10 10/10
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Cairo 10/10 10/10 10/10 10/10
Cape Town 10/10 10/10 10/10 10/10
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Frankfurt 10/10 10/10 10/10 10/10
Geneva 10/10 10/10 10/10 10/10
Hamburg 10/10 10/10 10/10 10/10
Hong Kong 10/10 10/10 10/10 10/10
Houston 10/10 10/10 10/10 10/10
Los Angeles 10/10 10/10 10/10 10/10
London 10/10 10/10 10/10 10/10
Madrid 10/10 10/10 10/10 10/10
Manila 10/10 10/10 10/10 10/10
Mexico City 10/10 10/10 10/10 10/10
Miami 10/10 10/10 10/10 10/10
Moscow 10/10 10/10 10/10 10/10
New York 10/10 10/10 10/10 10/10
Ottawa 10/10 10/10 10/10 10/10
Paris 10/10 10/10 10/10 10/10
Rome 10/10 10/10 10/10 10/10
San Francisco 10/10 10/10 10/10 10/10
Seattle 10/10 10/10 10/10 10/10
Singapore 10/10 10/10 10/10 10/10
Sydney 10/10 10/10 10/10 10/10
Taipei 10/10 10/10 10/10 10/10
Tokyo 10/10 10/10 10/10 10/10
Toronto 10/10 10/10 10/10 10/10
Vancouver 10/10 10/10 10/10 10/10
Washington 10/10 10/10 10/10 10/10
Wellington 10/10 10/10 10/10 10/10
Yokohama 10/10 10/10 10/10 10/10

North America

Warm and dry with some sunshine across the West. A cold front will move through Monday, bringing rain and clouds to the Northeast. The rest of the week is mostly dry with some clouds.

Europe

Mostly dry with some clouds. A cold front will move through Monday, bringing rain and clouds to the Northeast. The rest of the week is mostly dry with some clouds.

Asia

Dry, cold weather with some sunshine across the West. A cold front will move through Monday, bringing rain and clouds to the Northeast. The rest of the week is mostly dry with some clouds.

Africa

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Oceania

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Latin America

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Middle East

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Australia

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South America

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Antarctica

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Arctic

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Subarctic

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Tropical

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Polar

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Subpolar

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Equatorial

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GERMANY	DEM	320	210	60%
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HONG KONG	HK\$	720	300	58%
ITALY	IL	1,450	650	55%
JAPAN	¥	2,200	1,210	45%
MALAYSIA	RM	180	100	44%
NETHERLANDS	FLG	1,450	650	55%
NORWAY	NKR	830	300	64%
SPAIN	₧	1,450	650	55%
SINGAPORE	S\$	161	90	43%
SWEDEN	PTAC	11,700	5,600	52%
SWITZERLAND	SFR	292	140	51%
SWITZERLAND	CHF	106	60	40%
USA	\$	78	43	45%

FOR OTHER COUNTRIES, PLEASE CONTACT YOUR NEWSSTAND

THE AMERICAS

Willey's TV Appearance Doesn't Sway the Public

Little Change in President's Strong Support

By Dan Balz
Washington Post Service

WASHINGTON — Scott Saxe, a 38-year-old pharmacy technician from Fort Lauderdale, Fla., hardly hesitated when asked what he thought of Kathleen Willey's allegation that President Bill Clinton made an unwanted sexual advance toward her near the Oval Office.

"Maybe there is sexual harassment, but it is negligible considering what he has done for the country," he said, referring to Mr. Clinton.

In New York City, Edwin Diaz, 27, working the counter at the New Way Market, said he had seen and read reports of Mrs. Willey's appearance on the CBS news program "60 Minutes" on Sunday night.

"He is doing his job and if he did it, it's not our problem," he said of the president. "It is his life. He could have done it, but he has a lot of enemies that don't want him as president."

In Los Angeles, Susan Hanson, 35, was celebrating St. Patrick's Day when she was asked about Mrs. Willey's accusations.

"It's a he-said-she-said situation," said Ms. Hanson, who writes for a university alumni association. "I have no doubt that Clinton is a philanderer, but how many philanderers have been in the White House but were still great?"

A moment later she added, "Do I think it's important to the country? No."

Mrs. Willey's interview shook up the White House and produced another spike of media analysis about the implications for Mr. Clinton's presidency.

But the public reaction, measured by overnight polls, showed little change in attitudes toward the president. Do people simply not care? Is Mr. Clinton bulletproof? Or do the polling results mask a more complicated set of public conclusions about the president's behavior?

Experts on public opinion say it may be too soon to draw any conclusions about the impact of Mrs. Willey's allegations. But they also say the accusations from a witness that even the president's supporters acknowledge appeared so dramatically different from charges leveled at Mr. Clinton over the years that they could instantly change attitudes.

"If this were a stock, you would say the market has already discounted this information," said Whit Ayres, a Republican pollster. "The interview provided relatively little new information. What it provided was a large measure of credibility behind existing charges. I'm not willing to concede yet that the Willey interview had little or no impact."

Earl Black, a political scientist at Rice University in Texas, said it may take more than one appearance by Mrs. Willey to change the current political climate.

The "60 Minutes" program "may be limited by the size of the audience," he said. "It would need constant reinforcement on the nightly news broadcasts and in the print media. And a lot depends on whether this leads to anything else."

Peter Hart, a Democratic pollster, said the fact that public opinion toward Mr. Clinton had remained stable since the Willey interview reflected the limitations of instant polls and the reality that attitudes about the president's personal life have been firmly fixed for years.

"You're assuming that the American public at some stage said that this is a person of high moral values," he said.

In truth, they've never believed that."

In January, after the first allegations surfaced that Mr. Clinton had had a sexual affair with a White House intern, Monica Lewinsky, and urged her to lie about it under oath, which he has denied, the president's approval ratings rose to their highest levels of his presidency and have remained there. At the same time, a majority of Americans say they do not believe the president is telling the full truth and barely a quarter say they believe he is a man of high personal moral and ethical standards, down from 4 in 10 last summer.

Some pollsters had predicted before Mrs. Willey's televised appearance that her testimony would do little, at least initially, to affect opinions. They said her accusations, while dramatic, were not something new with regard to Mr. Clinton. They also said public opinion had hardened and polarized over the past two months. New charges and countercharges, they said, would be evaluated in the context of a political war between the White House and the independent counsel, Kenneth Starr.

Still, the response from the White House suggested that the president's advisers feared the worst from Mrs. Willey's interview, which is why they immediately released letters from Mrs. Willey suggesting that she remained friendly toward Mr. Clinton.

Democratic strategists also expected a more immediate negative reaction from the public. "I really thought that this time it would make a difference," one Democratic analyst said.

But the public reaction, based on interviews by Post correspondents in several cities around the country, was far more muted. "The bottom line with me is that the sex stuff doesn't matter," said Melissa Haffley, 34, a Los Angeles accounts executive. "This whole thing is a waste of time."

These interviews underscored that people appear more alarmed that Mr. Clinton may be lying than that he had sexual affairs or encounters. "I don't care about his private life," said Gus Loureiro, 66, a New Jersey club manager, adding, "But to lie is a disgrace."

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President Bill Clinton being taken on a tour of the Carpenter's Joint Apprentice Workshop in Las Vegas.

A Friend Attacks Accuser's Credibility

She Says Willey Had Asked Her to Lie About Clinton Encounter

By John M. Broder
New York Times Service

WASHINGTON — Julie Hiatt Steele, a friend of Kathleen Willey's, has released a sworn affidavit accusing the former White House aide of asking her to lie to corroborate Mrs. Willey's account of being sexually groped by President Bill Clinton in the Oval Office.

The affidavit released Wednesday night repeats Ms. Steele's earlier contention that in conversations shortly after Mrs. Willey's meeting at the White House in 1993, Mrs. Willey "never said anything to suggest that President Clinton made sexual advances towards her or otherwise acted inappropriately in her presence."

Mrs. Willey's attorney, Daniel Geckler, did not return telephone calls seeking comment.

The timing of the release of Ms. Steele's affidavit coincides with the White House's concerted effort this week to control the damage from Mrs. Willey's graphic account Sunday on the CBS news program "60 Minutes" of the alleged sexual encounter with the president.

The White House this week released a series of letters from Mrs. Willey to the president that portrayed a warm relationship and gave no hint that anything untoward had occurred between them.

Ms. Steele's conflicting account had been generally disclosed previously. But Mrs. Willey's characterization of her friend on the "60 Minutes" program appears to have been the catalyst for Ms. Steele's decision to release the affidavit, which had been given Feb. 13 in the Paula Jones sexual misconduct case against Mr. Clinton.

In the television interview, Mrs. Willey was asked about Ms. Steele's version of events, and said, "The White House wanted to try to discredit me and they found a pawn in her."

A short statement attached to the affidavit Wednesday calls Ms. Steele "nobody's pawn."

Her lawyer, Nancy Luque, said Wednesday night that Ms. Steele "felt no pressure" when the president's lawyers initially sought her affidavit as part of their attempt to question Mrs. Willey's credibility in the Jones case.

Likewise, Ms. Luque said, the White House did not influence Ms. Steele's decision to release her affidavit. "It's my view that Julie's story was not adequately represented on '60 Minutes,'" she said. "That's why I wanted to release the affidavit. That decision was solely mine and Julie's. We took no direction from the White House and won't in the future."

Ms. Steele and Mrs. Willey have known each other for 20 years, but they

are now pitted against each other. Ms. Steele's affidavit could also be used to undercut the assertions by the Jones legal team that Mrs. Willey's encounter with the president confirms a pattern of sexually harassing female subordinates.

Mrs. Willey's account of her meeting with Mr. Clinton first surfaced publicly in Newsweek magazine last August, a few months after Mrs. Willey had approached Ms. Steele for corroboration, according to Ms. Steele's affidavit. It said Mrs. Willey had called her to tell her that she had just told Michael Isikoff, a reporter for Newsweek, that the president "had groped" her and pulled at her clothing.

Mrs. Willey wanted Mr. Isikoff to hear that Ms. Steele had learned of these events four years earlier, and asked Ms. Steele to say that Mrs. Willey went to her home shortly after the meeting with Mr. Clinton on Nov. 29, 1993, the affidavit states.

It said Mrs. Willey asked Ms. Steele to "describe her demeanor as 'upset,' 'humiliated,' 'disappointed,' and 'harassed.'"

"I told Ms. Willey that I could not make such statements because she had not come to my house that day and had never told me of any sexual advances by President Clinton," Ms. Steele said in her affidavit. "She repeatedly assured me that any discussion with Isikoff would be 'off the record' and that it would be all right if I lied to him. She told me she needed me to do this for her and that she would explain later."

Mr. Isikoff arrived later that day and Ms. Steele told the story as Mrs. Willey had requested.

Three months later, in July, Ms. Steele told Mr. Isikoff that "Ms. Willey had asked me to lie to support her version of the event and that I had, in fact, done so."

Ms. Steele said she had learned of these events four years earlier, and asked Ms. Steele to say that Mrs. Willey went to her home shortly after the meeting with Mr. Clinton on Nov. 29, 1993, the affidavit states.

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POLITICAL NOTES

Clinton Criticizes Republican Budget

LAS VEGAS — President Bill Clinton has firmly rejected the current Republican budget proposal, declaring that it "shortchanges our nation's future" by eliminating nearly all of his new domestic initiatives on education, job training and child care.

Employing sharply partisan language in a speech to a cheering crowd of union members of the AFL-CIO, Mr. Clinton on Wednesday set out on a collision course with the Republican-controlled Congress over how the nation should spend its first projected surplus in 30 years.

"If the Republican budget says no to new teachers and smaller classes, no to modernizing our schools, no to investing in higher education for our children, the American people should say no to that budget," Mr. Clinton said.

He added: "I need your help. This ought not be a partisan political issue."

Hours later, the Senate Budget Committee approved the Republican tax and spending plan on a party-line 12-to-10 vote. If the plan is approved on the Senate floor, it will serve as the blueprint for the specific bills authorizing spending programs and tax cuts.

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Mississippi Opens the Files on How It Fought Integration

By Kevin Sack
New York Times Service

JACKSON, Mississippi — After a 21-year court fight, the state of Mississippi has unsealed more than 124,000 pages of previously secret files from a state agency that used spy tactics, intimidation, false imprisonment, jury tampering and other illegal methods to thwart the activities of civil rights workers in the 1950s, 1960s and early 1970s.

Like an eerie journey into a shadowy past, the files of the Mississippi State Sovereignty Commission, made public Tuesday, provide a stark reminder of the state's determination to maintain racial segregation.

The commission's investigators made note of the color, associations, religious beliefs and sexual proclivities of the civil rights workers they tracked. They jotted down the license plate numbers of cars parked at civil rights meetings and peeked into bank accounts. Informants, many of them black Mississippians, reported to the commission about plans for marches and boycotts.

In some cases, the potential for using violence against civil rights workers was discussed in commission memorandums. Although none of the documents reviewed show a

EUROPE

For Serbs, a Croatian Enclave Stands as Model of Failed Ethnic Integration

By Chris Hedges
New York Times Service

VUKOVAR, Croatia — About \$450 million in international aid and two years of UN administration have failed in their goal: to turn this forlorn corner of the Balkans into the first example of how a minority ethnic population could be successfully integrated into one of the nationalist states in the former Yugoslavia.

Of the 120,000 ethnic Serbs who lived in the eastern Slavonian enclave two years ago, nearly half have fled, and the number of departures is rising daily, according to relief agencies. There have been dozens of assaults, beatings and evictions, and three ethnic Serbs have been killed by local Croats, who assumed control of the enclave in January from the United Nations.

"This is administrative ethnic cleansing," said a senior official at the Organization for Security and Cooperation in Europe, which is monitoring the transition. "The Serbs are being driven out piecemeal in a kind of silent exodus."

The mood is bleak among the ethnic Serbs here, who rebelled against Croatia at the start of the war and maintained a rebel enclave until

agreeing to UN administration in January 1996. Villages, especially those around Ilok and outside Osijek, are deserted, with front doors swinging in the bitter wind to expose looted and empty homes. Families, surrounded by cartons and boxes, are plotting their escape to Serbia, Bosnia or as refugees in Europe.

"It is hopeless," said Drago Postic, 37, holding airline tickets to Norway for himself and his wife. "My wife and I leave tomorrow. There is no future here, no work. We are constantly harassed and threatened."

Most ethnic Serbs have lost their jobs under the new Croatian administration, and of 1,500 houses given state reconstruction funds, only six belong to ethnic Serbs. Local Serbs have been sent unexplained bills for huge sums supposedly owed to government-owned banks from overdrafts incurred before the war.

They have also been harassed by armed gangs, some of whom have held public rallies where they gave the fascist salute and sang songs from the Ustashe Nazi puppet state that governed Croatia in World War II. The Ustashe government sent hundreds of thousands of Serbs to their deaths in extermination camps.

The spokesman for the Croatian government, Neven Jurica, denied there was a campaign to rid the region of ethnic Serbs.

He said those who were leaving were doing so for "economic reasons" and insisted that 40,000 of the people who fled did so while the area was under UN administration.

In 1991 rebel Serbs, backed by Belgrade, seized three enclaves in Croatia, including eastern Slavonia. The Serb-dominated Yugoslav Army besieged Vukovar for three months, using heavy artillery and tanks to pound the city to rubble before its capture. It remains in ruins, its jagged and gutted buildings standing like broken teeth along the swirling brown waters of the Danube.

The Serbs expelled nearly all of the Croats from the three enclaves, murdered hundreds of Croatian civilians and looted and burned Croatian homes. Two of the rebel enclaves were taken back in lightning attacks by the Croatian Army in 1995, with about 60,000 of the ethnic Serbs from these areas fleeing to eastern Slavonia.

The Croatian authorities have used the hundreds of bills mailed out to Serbian families to begin court proceedings to seize their houses. They have also formed a real-estate agency to

buy up the houses, often for a fraction of their value, of Serbs who are fleeing.

In one typical case an overdraft of about \$40 in Yugoslavian dinars by Dragica Medic was calculated by the Slavonka Banka in Osijek to equal \$1,400 in Croatian kuna.

Those with savings, though, have rarely been able to recover their money. Simo Blagujevic, an ethnic Serb, went to collect his \$5,320 in dinars and was told his money had "been eaten up by inflation."

"What are the uses of negotiations?" said Milos Vojnovic, the Serbian president of the joint council of municipalities. "There is widespread pressure and panic, orchestrated by the Croats, that is fueling these departures."

The most obstructive tactic is the refusal to permit ethnic Serbs to return to houses from which they were driven in other parts of Croatia, despite promises to the United Nations by the Croats to do so.

The 60,000 displaced people who had been living in this enclave, mostly in houses belonging to Croats, have been forced out, yet most cannot return to houses they own in other parts of Croatia. There are no more than 16,000 displaced

people who remain, according to the Organization for Security and Cooperation in Europe.

Croatian building inspectors have been condemning houses belonging to ethnic Serbs in other areas of the country, to make sure the Serbs, who once made up 12 percent of Croatia's 5 million people, do not go back. The empty houses are being torn down and the bill for the demolition sent to the displaced and often destitute Serbian owners in eastern Slavonia.

The Croatian authorities have also cleaned up the debris from ethnic Serbian houses that have been damaged in other parts of the country and sold the property to cover the cost of the cleanup, UN officials said.

In the last two months about 1,300 ethnic Serbs, who can travel to Norway without a visa on a Croatian passport, have appeared in Oslo to ask for political asylum. At least 25,000 ethnic Serbs from the region are now in the camp Yugoslavia, according to the UN High Commissioner for Refugees, and thousands more have gone to the Serb-held part of Bosnia.

"Zagreb is getting what it wants," a European diplomat said, "a nationalist state where there are no Serbs."

Serb Business Feels Pain

Sanctions Threat Over Kosovo Stalls Investment Just When Economy Was Starting to Come Back

By Lee Hockstader
Washington Post Service

BELGRADE — In a bleak landscape of rusting factories and industrial ruin, Tigar Rubber Products Co. was that rare success story in Yugoslavia: a company whose sales — and profits — were booming on the strength of exports to Western Europe.

Tigar's tires and shoes were catching on rapidly — so rapidly, in fact, that sales were expected to rise by about 50 percent this year over last year's figures. Company executives were rubbing their hands.

But as a result of the police crackdown on ethnic Albanians in the southern Serbian province of Kosovo, Tigar's dreams of high export profits are dying fast. European Union tariffs exemptions, which the company and EU officials expected to be renewed possibly as early as next month, are now a nonstarter.

That means sharply higher tariffs on Tigar's products, and sharply lower profits for Tigar.

A company spokeswoman said the company expected the higher tariffs

would lop more than \$3 million off the company's profits for 1998. "We'll have to reduce our investments and rewrite our business plan," said Jelena Petkovic, Tigar's representative in Belgrade. "This is a big problem for us."

Tigar's story may become a familiar one if Western governments go ahead with sanctions they have threatened unless Yugoslavia ends the crisis in Kosovo, where ethnic Albanians outnumber Serbs by 9 to 1.

If imposed, the economic sanctions themselves — a freeze on at least \$100 million in state funds believed held overseas and a moratorium on government-financed export credit support for trade investment — are expected to have a moderate effect.

After years of war and international isolation, Yugoslavia has only recently begun to come up for air. But already, even before a formal decision on sanctions has been made, the threat alone is stopping foreign investors in their tracks and souring business prospects in one of Europe's poorest countries.

An American office supply company froze an investment of several hundred thousands of dollars last week in response to the Kosovo situation. Belgrade newspapers have reported that Serbian businessmen are complaining that their foreign deals are on hold.

With a 1997 trade deficit of \$2.4 billion and a gross national product of just \$16 billion, Yugoslavia can ill afford further setbacks.

Under previous sanctions, stemming from the inaction on Kosovo and the war in Bosnia-Herzegovina, Yugoslavia is already ineligible for international loans and aid programs from the World Bank and the International Monetary Fund.

Retirees and state workers have been paid in recent months only because of a \$900 million cash infusion last spring from the sale of 49 percent of the main telephone company to a foreign consortium. "Selling the family silver" is what a Western diplomat called it.

Still, the economy, having shrunk by nearly 60 percent since 1989, had begun turning up with the lifting of most sanctions at the end of the war in Bosnia in 1995. Real wages were also starting to grow, though from a low base. Now the prospect of further sanctions has cast a cloud over the chances for sustained recovery.

Miss Petkovic, the Tigar spokeswoman, said the company had a relatively strong year in 1997, selling \$27 million of rubber tires and shoes abroad because of the EU extension of trade credits from May to December. The preferences were suspended, and tariffs imposed, beginning in January because of European concerns on a range of human rights issues, including Kosovo.

But there was a general expectation that the exemptions would be renewed this spring. Buoyed by that hope, Tigar projected export sales of \$43 million this year.

Now, a break on tariffs is a distant dream. European officials, speaking privately, said the EU would not extend trade advantages to Yugoslav companies as long as the crisis in Kosovo continued.

'No Compromise,' Chirac Tells Party

Agence France-Presse
PARIS — France's mainstream conservatives faced their worst crisis in years on Thursday because of an enticing offer of local election deals from the far-right National Front headed by Jean-Marie Le Pen.

Stepping in for the first time to head off the crisis, President Jacques Chirac on Thursday urged "no compromise" with the Front.

Facing defeat at the hands of the left in regional and local elections taking place this week and next, a series of incumbents from the mainstream right have struck agreements with the Front in defiance of orders from party headquarters not to cut "deals with the devil."

Mr. Chirac, founder of the Rally for the Republic, said: "I believe that when one has republican convictions, which is my own case and that of a very great majority of French people, one must make no compromise."

Philippe Seguin, leader of the RPR, summoned local leaders to Paris for a meeting aimed at enforcing tight party discipline.



A Serbian policeman in Pristina, the Kosovo capital, directing ethnic Albanian demonstrators Thursday during a protest march they staged against the government crackdown in the troubled province.

Progress Cited in Talks on Kosovo

BELGRADE — The French and German foreign ministers said Thursday that they made significant progress in talks with Belgrade on the Kosovo crisis but failed to achieve a major breakthrough.

After meeting President Slobodan Milosevic of Yugoslavia, Hubert Vedrine of France and Klaus Kinkel of Germany said they would consult other members of a six-nation Contact Group by next Wednesday before deciding whether the threat of sanctions on Serbia should be lifted.

"Significant progress has been achieved," Mr. Vedrine told a joint news conference. Mr. Kinkel said: "We made progress, but not a breakthrough."

"We will have to wait and see what sort of reception these developments will get from other members of the Contact Group," Mr. Kinkel added.

Foreign ministers of the group — Britain, France, Germany, Italy, Russia and the United States — are due to meet in Bonn next Wednesday to discuss their next steps.

Jury Asked to Give Papon 20 Years

BORDEAUX — In a surprising move, the state prosecutor urged a jury Thursday to sentence Maurice Papon to 20 years in prison — not life — for complicity in crimes against humanity during World War II.

Most lawyers for the families of Jews rounded up under Mr. Papon's orders before they were deported to death camps had demanded a symbolic life term for Mr. Papon, 87, who was a high-ranking Vichy police administrator.

But the prosecutor, Henri Desclaux, called for a 20-year sentence, saying the jury should "not make Maurice Papon a scapegoat" for other high-ranking officials of the collaborationist Vichy regime.

The civil party lawyer Arno Klarsfeld contended that Mr. Papon was not on the order of more heinous French war criminals like Rene Bousquet, France's Vichy police chief.

Another civil party lawyer, Alain Jakubowicz, was outraged by the suggested sentence, saying it put a crime against humanity on "an equal footing with a crime of passion or a simple bank robbery."

But Michel Sliutsky, who narrowly escaped deportation, said he was satisfied with the suggested sentence, because "with a man who is 87 years old, a 20-year sentence is equivalent to a life sentence."

The verdict in the six-month trial is expected late next week. But Mr. Papon, who was free during the trial, is expected to appeal the decision and could remain out of prison for years.

"As long as Maurice Papon does not spend a single day in prison without seeing the sunshine, we will continue to suffer," Mr. Sliutsky said.

Earlier Thursday, the prosecution painted a devastating picture of Mr. Papon as a man who zealously carried out the cruel measures of the Vichy regime, then had the audacity to say he had tried to save Jews.

The Albanians have rejected several invitations to talks because Belgrade refuses to discuss their demands for independence — an option also ruled out by the Contact Group. The group wants Belgrade to restore the province's autonomy, which it suspended in 1989.

The five Western members of the Contact Group imposed sanctions on Belgrade last week after the bloody police crackdown on Albanians in Kosovo and threatened to make the sanctions more severe unless the Serbs fulfilled certain conditions, including opening talks with the Albanians within 10 days.

Mr. Milosevic told the visiting ministers he was prepared to meet a special European Union envoy to discuss relations between Belgrade and the 15-nation bloc. He also accepted the establishment of a Kosovo mission of the Organization for Security and Cooperation in Europe, the ministers said.

Those who are 50 and older find it difficult to understand the new society, Mr. Philippen added.

Germany's generational issues go beyond technology. Political analysts say Mr. Kohl's ardor for European integration grew out of his experiences during the war, which cost the life of his older brother, who was a soldier.

Mr. Kohl's quest to unite Europe next year with a single currency is an issue of "war and peace," a phrase used repeatedly by Mr. Kohl, but one that confuses some younger Germans, who see the new money in economic rather than political terms.

Mr. Schroeder, known for his skepticism of the new currency, is a product of the Sixties. Since Mr. Schroeder's nomination this month as standard-bearer for his party, most profiles of the candidate include old black-and-white photographs showing a younger Mr. Schroeder participating in leftist rallies. Many of the voters he wants to lure know only second-hand accounts of World War II.

Generational politics also has played a role in Germany's foreign policy debate. While Mr. Kohl is a staunch supporter of the United States and the North Atlantic Treaty Organization, Mr. Schroeder and others in his generation have shown radical swings in their views.

The Greens party, the most likely coalition partner if Mr. Schroeder prevails in September, voted this month at a party congress to reaffirm an old stance that NATO should be abolished.

The anti-NATO vote came as a defeat for the Green party leader, Joschka Fischer, 49, another product of the postwar generation who might serve as foreign minister in a Schroeder cabinet. As a result of the Greens party resolution, Mr. Fischer refuses any longer to comment about his ambitions to take over the Foreign Ministry, a spokeswoman for Mr. Fischer said.

BRIEFLY

Turkey Jails Police, But Protests Follow

ISTANBUL — In the second major human rights verdict delivered in Turkey this month, a provincial court sentenced five police officers to seven-and-a-half-year jail terms on Thursday for beating a journalist to death. Human rights advocates said the sentences were far too light.

The murdered journalist, Metin Goktepe, was detained by the police during a funeral for two leftist activists in January 1996. Forensic specialists said he was beaten and kicked, and died of brain hemorrhage and internal bleeding.

Officials of foreign governments including the United States had said they were closely following the case and considered it a key test of Turkey's willingness to prosecute abusive police officers.

Under normal Turkish procedure, the five will probably serve two to three years each, which rights advocates said was insufficient given the severity of the crime. The chairman of the Human Rights Association, Akin Birdal, called the verdict "an example of how the state protects torturers." (NYT)

Vatican Responds To Critics of Pius

ROME — The Roman Catholic Church's leading historian of the World War II era responded Thursday to accusations that the late Pope Pius XII facilitated the Holocaust by remaining silent.

The Reverend Pierre Blet, a Jesuit historian, defended the controversial wartime pontiff four days after Jewish leaders reacted coolly to a Vatican document on the Holocaust that effectively absolved Pius XII of the long-standing accusations.

Father Blet reiterated the Vatican's position that Pope Pius did not speak out more forcefully for fear of worsening the fate of Catholics, as well as Jews, in Germany and Nazi-occupied countries. The Vatican's document on the Holocaust, "We Remember, a Reflection on the Shoah," apologized for individual Catholics who failed to help Jews. (Reuters)

Yeltsin Recovering

MOSCOW — President Boris Yeltsin of Russia is recovering from his respiratory infection and is expected to be host to a meeting with German and French leaders next week, the Kremlin said Thursday.

Mr. Yeltsin, 67, has not attended official functions or been seen on television since last week. But a Kremlin spokesman said Mr. Yeltsin had summoned the head of his administration to a meeting on Thursday and would meet Chancellor Helmut Kohl and President Jacques Chirac in Yekaterinburg, in the Urals, on Wednesday. (Reuters)

Murkhan Can't Pay, A

Prince Norodom Ranariddh of Cambodia, who was sentenced to 10 years in jail, an aide said on Thursday. The aide said Mr. Ranariddh has been living in Bangkok since he was released from prison. The second prime minister, Hun Sen, said he was not immediately identifying the prince's trip to the United States. He said there were any foreign visitors is not equipped with a passport, but he said before the authorities.

Deputies Spar Over

PARIS — A parliamentary debate moved slowly toward a conclusion Thursday night, with the French marked a dispute over who should remain in the government. The debate was scheduled for Friday, but was postponed to allow for the return of the United States pledges of aid to help Thailand.

ENTERTAINMENT

Wednesday in The Information contact Sarah Wershof in our E-mail at 11 71 420 0326 / Fax: +44 131 420 0326. The nearest HIT office or representative is in London.

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NEW DELHI

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ASIA/PACIFIC

Vajpayee Assumes 2 Key Indian Posts

He's Prime and Finance Ministers

By Kenneth J. Cooper
Washington Post Service

NEW DELHI — India installed Atal Bihari Vajpayee as prime minister on Thursday along with a cabinet dominated by Hindu nationalists from his Bharatiya Janata Party.

The minority coalition government faces an uncertain future in a closely divided Parliament, in which nearly 40 political parties are represented. India elects parliament members for a five-year term, but one of seven previous coalition governments lasted longer than two years.

Mr. Vajpayee's government, nine short of a majority in the 545-member lower house, expects to survive a vote of confidence next week by the grace of abstentions and vacant seats.

In a bid to extend its expected lifespan, the Bharatiya Janata Party has omitted Hindu nationalist issues from the agenda that the 13-party coalition made public Wednesday and has watered down its protectionist economic policies.

Mr. Vajpayee, 71, has also promised to try to build consensus on controversial legislation.

He served as prime minister of a minority government led by the Bharatiya Janata Party for two weeks in 1996 and as foreign minister of another coalition government in the late 1970s.

In addition to being sworn in as prime minister, Mr. Vajpayee also assumed the post of finance minister. Since 1991, finance ministers have played an important role in determining the pace of market-oriented changes in India's formerly socialist economy.

The Bharatiya Janata Party, the largest in Parliament, dominates the new cabinet. Of 43 ministers, 25 belong to a party that has asserted that a diverse nation of 950 million is bound together by the Hindu majority's religion. Another Hindu nationalist represents the re-

gional Shiv Sena party in the cabinet.

The Bharatiya Janata Party's own ministers are a mix of moderates and hard-liners. Three of the hard-liners — Lal Advani, the party president; Murli Manohar Joshi, a former president, and Uma Bharati — have been charged with inciting a riot in 1992 that resulted in the razing of a mosque in the northern town of Ayodhya, prompting communal violence that claimed 2,500 lives across the country.

Four cabinet ministers, including Mr. Joshi, have been prominent critics of foreign investment in India.

One of them, George Fernandes, when he was industry minister in the late 1970s, forced Coca-Cola and IBM out of the country. The companies did not return for more than a decade.

In the last two weeks, local newspapers have quoted him as threatening similar curbs on international investment. U.S. interests are the leading foreign investors in India.

Another cabinet member, Maneka Gandhi, daughter-in-law of the former prime minister Indira Gandhi, has criticized the recent opening of American fast-food outlets in several cities.

Another, Anant Kumar, opposed holding the 1996 Miss World pageant in the southern city of Bangalore because he said the beauty contest represented a "cultural invasion" from the West.

In a government dominated by Hindu nationalists, at least six members of religious minorities received cabinet berths: three Sikhs, two Muslims and one Christian.

About half the cabinet's members come from southern and eastern states where the Bharatiya Janata Party is allied with regional parties. Tamil Nadu, the southern state that is home to the party's biggest ally, was rewarded with seven cabinet ministers.



Hindu nationalist party workers in Bombay celebrating Thursday after the new Indian cabinet was named.

Pakistan Warns India Against Arms Race

Reuters

GENEVA — Foreign Minister Gohar Ayub Khan of Pakistan warned Thursday that India's statements that it would keep its options open over nuclear weapons could push South Asia into a "dangerous arms race."

In a speech to the Conference on Disarmament, he also called on the 61-member Geneva body — mired in a yearlong stalemate — to make nuclear disarmament its highest priority for negotiations.

Munir Akram, Pakistan's delegate to the conference, asked the United Nations-sponsored forum to denounce India's policy and urge it not to develop nuclear arms.

"Recent public utterances and pronouncements by the BJP president, and also now in their manifesto, that India will 'go nuclear' and acquire and develop nuclear weapons should evoke global concern," Mr. Akram said, referring to India's Bharatiya Janata Party, which leads India's governing coalition.

"South Asia may be pushed into a dangerous arms race," he added.

India, which successfully conducted an underground nuclear test in 1974, has said it believes in using atomic energy only for peaceful uses. But Western experts say it already has nuclear weapons or can build them quickly.

Pakistan, another nuclear "threshold" state, has stayed out of the nonproliferation agreements, citing Indian intransigence as the reason. But Mr. Khan said: "The international community should understand that Pakistan does not wish to expend its scarce resources on a conventional or a nuclear arms race."

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Korea Negotiators Get Rolling

GRUYERES, Switzerland — Officials laying the groundwork for peace talks on Korea visited a village in the Swiss Alps on Thursday, hoping the excursion would lighten the atmosphere of their negotiations.

The chief negotiators rode in a bus whose seats were arranged around tables and conducted business during the ride. The delegations from North and South Korea, China and the United States looked relaxed as they arrived in Gruyeres, where they visited a cheese factory.

The South Korean deputy negotiator, Yoo Myong Hwan, said that the ride had given the parties a chance to clarify points and build confidence. (AP)

Crash of Afghan Airliner Kills 22

KABUL — A passenger jet crashed Thursday about 30 kilometers south of the Afghan capital, killing all 22 people on board, Afghan officials said.

The Boeing 727 operated by Ariana Afghan Airlines was carrying 11 crew members and 11 passengers on a domestic flight from Kandahar to Kabul when it crashed in near Musay, in Logar Province. There was no information on what had caused the disaster.

One of the passengers was reported to be a Taliban official. The official was not immediately identified. Two of the passengers had begun their trip in the United Arab Emirates. It was not known whether there were any foreigners on board.

The Kabul airport is not equipped with radar, and the plane was seven hours late before the authorities learned it had crashed. (AP)

Ranariddh Can't Pay, Aide Says

BANGKOK — Prince Norodom Ranariddh has no money to pay the more than \$50 million in damages ordered by a Cambodian court, which also sentenced the deposed co-prime minister to 30 years in jail, an aide said on Thursday.

"It's out of the question," said the aide, Kong Vibol. "He's got no money, not even to support himself."

Prince Ranariddh has been living in Bangkok off and on since being deposed as first prime minister last July in a coup led by the second prime minister, Hun Sen.

A military court in Cambodia convicted him in his absence Wednesday of plotting a coup with Khmer Rouge rebels. The court ordered the prince to pay more than \$50 million for damage caused during fighting on July 5-6 in Phnom Penh between forces of the two leaders. (Reuters)

Thai Deputies Spar Over Censure

BANGKOK (AP) — A parliamentary debate on whether to declare no confidence in Prime Minister Chuan Leekpai's government moved slowly toward a conclusion Thursday amid some late-night wrangling.

Debate about opium and a dispute over who had the right to speak from the floor marked the proceedings Thursday night. It seemed certain the government would win a vote on the censure motion that was scheduled for Friday.

Mr. Chuan returned from the United States last week with substantial pledges of aid to help Thailand through its economic crisis. (AP)

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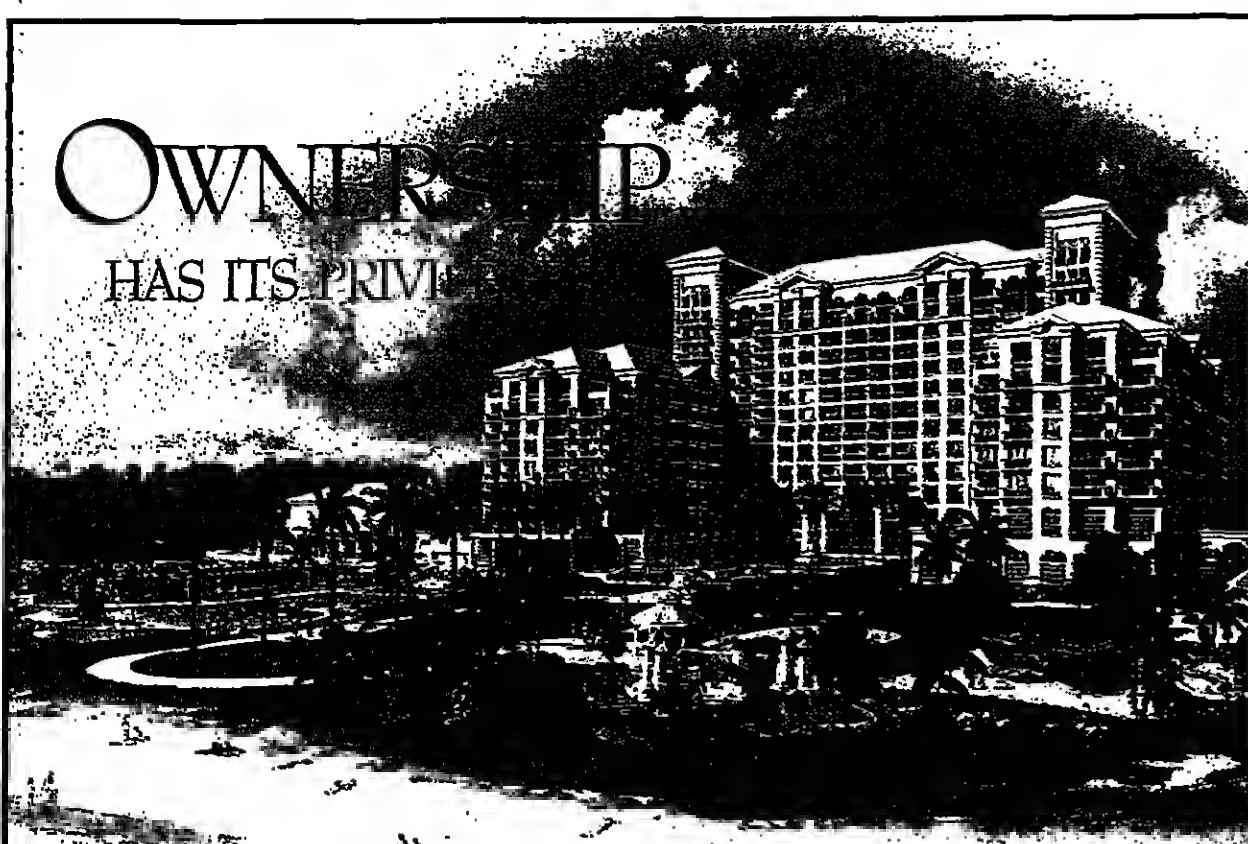
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Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Experiment in India

India embarked on Thursday on a perilous course with the planned installation of its first potentially durable Hindu nationalist government. Two years ago the Hindu nationalists lasted only 13 days in power, unable to find any other party to support them. This time, party leaders claim enough coalition votes to survive, although with a minuscule majority. The weak margin may turn out to be a blessing, because party leaders lack the votes to carry out their inflammatory anti-Muslim agenda. Their government will be judged on whether it eases the country's poverty and preserves national unity.

There is reason to hope that the Bharatiya Janata Party will respect the country's secular traditions. Its leader, Atal Bihari Vajpayee, has dropped the party's pledge to impose a uniform civil code repugnant to the Muslim minority. Also, the party plans to keep the special status of India's only Muslim state and to refrain from building a Hindu temple at the site of a mosque destroyed by Hindu mobs five years ago. It remains to be seen whether Mr. Vajpayee will be able to quiet zealots in Parliament or curb anti-Muslim violence.

The Bharatiya Janata Party's ambiguous postelection agenda has spread anxiety that its government might expand India's nuclear arsenal,

oppose foreign investment and raise tensions with Pakistan. But Mr. Vajpayee has a moderate record in these areas. As foreign minister in the 1970s he worked well with Pakistan, and he has not endorsed moves to evict foreign companies from India.

One of his greatest tests will be how he handles various bribery scandals. One coalition partner initially threatened to defect if the party did not block an inquiry into corruption allegations against her, Mr. Vajpayee stood firm and rejected her plea.

Meanwhile, the long-ruling Congress Party has chosen Sonia Gandhi, widow of Prime Minister Rajiv Gandhi, as its party leader. Should the Hindu nationalists collapse and the Congress Party return to power, Mrs. Gandhi could become prime minister, an unthinkable development only six months ago. She has spoken up for the secular values of the party, but many believe that she would like to thwart an investigation into alleged kickbacks to the Gandhi family in the 1980s.

Mr. Vajpayee will need great skill to hold his fractious coalition together while pursuing these investigations and addressing India's huge social and economic problems. Failure could bring down his government, paralyze Parliament and force another election.

—THE NEW YORK TIMES

Vatican Takes a Step

The Vatican's words on its own measure of responsibility for the deaths of 6 million Jews during the Holocaust have been tensely awaited. Sensitivity runs high on both sides of the divide between those who blame the institutional church for doing less than it could have to help embattled Jews in Europe and those who saw Catholics as victims and targets of Hitlerism in their own right, and in many cases heroic rescuers.

Given the emotional and moral freight of that debate, and the unavoidable question of whether Catholic doctrine over the centuries played a contributing role, the cautious, hairsplitting tone of the teaching document issued on Monday by the Vatican, which called it an "act of repentance" in preparation for the millennium, is understandable.

Understandable, too, is the disappointment of many Jewish and Catholic, who had hoped for a more direct acknowledgment of institutional sins of omission, like the declarations issued last year by the French bishops and in 1995 by the bishops of Germany. The document walks up to the line of such acknowledgment many times without ever quite crossing it.

It maintains a firm distinction between the failings of Catholic-Jewish relations through history ("in balance... quite negative") and the "neo-pagan" impulse of Nazism. Some will find this sharply inadequate. But their disappointment must be weighed against the document's many state-

ments of the church's sorrow and contrition for "the failures of her sons and daughters in every age," its probing of difficult questions that it is not quite ready to answer, and the plea for "our Jewish friends... to bear us with open hearts" — in short, its existence as a first step, however imperfect.

The authors' discomfort is frequently reflected in the phrasing. In early times, it says, Christian mobs attacking pagan temples sometimes attacked synagogues as well, "not without being influenced by certain interpretations of the New Testament regarding the Jewish people as a whole." In late 18th century Europe, "those who were not Christian did not always enjoy a fully guaranteed juridical status."

When it comes to the key matter of the relation between these views and behavior during the time of the Holocaust, "it may be asked whether the Nazi persecution of the Jews was not made easier by the anti-Jewish prejudices imbedded in some Christian minds and hearts." Did Christians "give every possible assistance to those being persecuted"? Although many were heroes, "the spiritual resistance and concrete action of other Christians was not that which might have been expected from Christ's followers."

Although these formulations are tortured, they are a great improvement on silence — not least because they allow ground for a respectful conversation about the considerable differences of opinion that remain.

—THE WASHINGTON POST

Mississippi Files

One of the great lessons of history is that truth, imprisonment, festers and seeks release. When it emerges, however ugly, it must be served. It is that kind of time now in Mississippi.

There was a question often asked of strangers there in the 1950s and '60s, an idiom perfectly reflective of the culture, polite on the surface, deadly underneath: You're not from here, are you? It meant that anyone who seemed to threaten segregation, whether an outsider or a black citizen emboldened by the civil rights movement, was seen as a danger to the state.

The legislature's response in 1956 was to create the State Sovereignty Commission. For 21 years, while black and white civil rights activists in Mississippi were threatened, chased, beaten, burned out, bombed and murdered by local police and the Ku Klux Klan, agents of the Sovereignty Commission worked in the background, spying, manipulating lives, twisting facts.

Mississippi was not alone in its unconstitutional shenanigans. Under J. Edgar Hoover, the FBI plotted against those it was supposed to protect. Arkansas, Louisiana, Alabama and Florida all created state investigative commissions like Mississippi's to fight what Southern legislatures liked to

see as a Communist-integrationist plot. But the 124,000 pages of Sovereignty Commission files released in Jackson on Tuesday show that Mississippi was breathtakingly flamboyant in its official plotting against the U.S. Constitution and the law. The commission gathered 60,000 names, or roughly one out of every 37 residents in the state.

Only about 1,000 people responded to advertisements in The New York Times and other newspapers inviting them to examine their files. The unveiling is slow going. The reporters in Jackson have only one state computer through which to look. The public has two. Thus far, in secret communications that reach from campus policemen to the governor at the time, there is evidence of official willingness to trap, to smear, to fabricate and jail and to consider murder, but no evidence yet that the commission actually helped do that.

If it did, or did not, is a truth worth knowing, if it can be known. One sobering document is an instruction from the commission's director ordering the destruction of certain files. What remains is a record of state-sanctioned terror that demands to be remembered.

—THE NEW YORK TIMES

American Boom + Asian Gloom = Total Mystery

By Robert J. Samuelson

WASHINGTON — Reading recent congressional testimony by Alan Greenspan, the Federal Reserve chairman, I had a scary thought: He doesn't know any more than I do.

By this, I do not mean to compare myself with Mr. Greenspan. He has forgotten more about the economy than I shall ever know. Beyond that, the Fed has a staff of 228 economists and is constantly briefed by companies, banks and governments about individual markets and industries.

What is sobering is that despite these advantages, Mr. Greenspan still seems genuinely baffled by the American economy's dazzling performance and its future direction.

Precisely. The old adage now seems to apply: If you're not confused, you don't understand the situation.

The U.S. economy is booming beyond belief. In the past year it has created 3.1 million jobs; the unemployment rate (4.6 percent in February) has not been lower since March 1970. Measured inflation is declining. In the past year the consumer price index has risen by only 1.6 percent.

Consumer optimism is at lofty heights. The Conference Board's confidence index touched 138 in February (1985 equals 100), a level not seen since the late 1960s.

On the other hand, the news from Asia is not getting better. China's economy is slowing. Japan may slip into a recession. Indonesia and the IMF are in a virtual state of war.

Including China and India, Asia represents about 30 percent of the world economy. Yet its troubles have not

spoiled American spending or spirits. One explanation is that the benefits of the crisis have come before the costs. The biggest benefit has been lower interest rates, which have triggered a surge in mortgage refinancings.

Frightened by Asia's problems, global investors shifted funds into U.S. bonds and mortgage securities. Bond prices rose; interest rates dropped. Investors accepted lower interest rates in exchange for more safety.

In early 1997, interest rates on 30-year fixed-rate mortgages averaged almost 8 percent. In 1998 they have hovered at around 7 percent.

David Lereah of the Mortgage Bankers Association estimates that the resulting explosion of mortgage refinancings will total about \$400 billion in 1998. On a \$120,000 loan, someone going from 8 to 7 percent would save nearly \$1,000 a year.

Lower rates have sustained a high level of home buying and selling. For 1998, Mr. Lereah expects 4.24 million existing homes to be sold, a record. Americans are moving into more appealing homes and doing a lot of redecorating and renovating.

The second big benefit from Asia has been the plunge in oil prices. Since early 1997 they have dropped from \$25 a barrel to \$15. The United States now consumes 6.8 billion barrels of oil a year, says economist Michael Canes of the American Petroleum Institute. At the lower prices, consumers would save almost \$70 billion.

Average gasoline prices have dropped to about \$1 a gallon from \$1.20 a year ago; they could go lower.

Part of the gain is a wealth transfer from U.S. oil producers to consumers, but the gain on imports — half of U.S. oil use — is pure windfall. Asia's crisis has cut demand, and OPEC "is falling apart," Mr. Canes says. Countries violate their OPEC quotas. Supply rises, demand softens, prices fall.

America's careless confidence now contrasts dramatically with Asia's deepening fatalism.

Economist Marc Faber in Hong Kong has long been one of the region's prominent pessimists (he calls his regular commentary "The Gloom, Boom & Doom Report"), but even he is stunned. "The Asian crisis has left me shell-shocked," he writes. "I have never [seen] such a total economic breakdown and massive destruction of wealth."

Economists at the Hong Kong office of Goldman Sachs predict that GDP in 1998 will shrink by 5 percent in Indonesia, nearly 3 percent in South Korea and 1.5 percent in Thailand.

Growth in China stems mostly from more efficient factories; it will not prevent rising unemployment. The Goldman Sachs economists figure that joblessness could jump by 10 million in 1998 from the streamlining of state-owned enterprises. Somehow, more output and fewer jobs seems unhealthy.

Meanwhile, the White House wants Japan to spur its economy by cutting taxes or increasing spending by up to \$80 billion. Skepticism abounds that Japan will do much. Says Glen Fukushima, head of the American

Chamber of Commerce in Japan: "Many in Japan are pleased to say that because Japan is so weak, it cannot play a strong role in helping Asia recover."

How will these crosscurrents interact? A continued U.S. boom would ease Asia's crisis by absorbing more exports, which, up to a point, would dampen U.S. inflationary pressures. But beyond some point, production would suffer in trade-sensitive industries: cars, steel, machine tools, computer chips, textiles. And Asia's full effects on U.S. exports remain to be felt.

There are other hairline cracks in American prosperity. Mark Zandi of Regional Financial Associates points out that credit standards for consumer lending have loosened in the 1990s. People borrow who could not a decade ago, or they borrow more. Lower interest rates may arrest a rise in loan delinquencies and personal bankruptcies, but Mr. Zandi thinks that both could balloon when the economy weakens.

An irresistible force (the U.S. boom) and an immovable object (Asia's crisis) are colliding. I admit to a pessimistic bias, a suspicion that America's boom is more fragile than it seems. High stock prices sustain strong consumer spending, which sustains high stock prices. The economy is vulnerable to a dip in either.

I admit that I have peddled this theory for a while, and so far it's a dud. Each phenomenon — the strength of our boom, the severity of their collapse — is outside recent experience.

The simple truth is that no one knows what lies ahead.

Washington Post Writers Group

New Challenges for Europe, Japan and North America

By Otto Graf Lambsdorff

BERLIN — It is hard to believe that a quarter of a century has elapsed since some of us Europeans, Japanese and North Americans decided that we should "go trilateral."

At the top of the agenda then was the need to bring in Japan as a full-fledged actor in our efforts to coordinate more closely the policies of the main industrial and democratic countries.

An early result was the so-called Group of Five, later the Group of Seven. Those were the economic summits of which the former French Prime Minister Raymond Barre — one of the initial Sherpas in this exercise — wrote recently that "working independently of our bureaucracies and in direct relation with our respective heads of state and government, we were able to promote solutions for effective trilateral cooperation among the initial participants."

What is perhaps most striking is how much the agenda has changed for all three regions, and specially for Europe.

America, no longer the America of the Cold War, gropes today for ways to adjust to its new status of sole superpower. Japan has long ceased to be the sole powerhouse of Asia in a deep, problematical transition. Europe, above all, is unrecognizable from the Europe we knew.

To be sure, it still has a

double agenda. While holding its own in cooperating with its traditional partners in a rapidly globalizing world, it needs all the while to become even more closely united.

But in a dramatically altered continent that agenda is probably more heavily burdened than ever — with issues which make Europe the laboratory for the kind of cooperation that will have to develop internationally in the coming years.

On the one hand, we Europeans pursue the deepening of our Union and prepare for the

momentous step of the euro. On the other, our continent's sea change places us at the vanguard of the task of enlargement. That means demands for institutional change, which prefigure the regional challenges that our partners will also have to face.

The question is: Will we Europeans be able to keep our priorities right and handle so heavy an agenda in ways that make us a stronger, rather than a weaker, trilateral partner?

I can think of at least two telling tests of this capacity, which boil down to knowing

how to face the new while remaining true to the old.

With the current tensions in Kosovo, we have a grave crisis on our hands. Having learned our lessons the hard way in the former Yugoslavia, our hope is that Europe can speak with one voice and act decisively in a situation laden with traumatic layers of history.

At home, we increasingly face a phenomenon that challenges the social fabric of our highly protected societies: the aging of our populations. This is a long-term trend which, unless it is addressed as a matter of urgency, is doomed to seriously

jeopardize the old-style welfare state that has become so much a part of our democracies.

What has not changed in the past 25 years is the fundamental attachment to democratic values that brought Europeans, Japanese and North Americans, together in the first place.

The writer, a member of the Bundestag and a former economics minister, is chairman of the European branch of the Trilateral Commission, which holds this weekend in Berlin its 25th annual plenary meeting. He contributed this comment to the International Herald Tribune.

Sanctions Don't Bring Burma Democracy

By Ma Thanegi

RANGOON — It is time for those of us in Burma's democracy movement to face up to a difficult truth: Ten years after the movement began, we have made almost no real progress toward democracy.

More people are in jail, countless others are suffering from the effects of sanctions, and the military government seems stronger than ever. The National League for Democracy may have won the moral battle, but it is losing the war.

All of us should be deeply concerned about this.

I joined the NLD in 1988, worked as an aide to Daw Aung San Suu Kyi and came to know and love her well. I was arrested in 1989, on the same day she was put under house arrest. I spent most of the next three years in Rangoon's Insein prison, and was released in a 1992 amnesty with about 100 other political prisoners.

We were all willing to go to jail, because our cause was so important — Burma had been isolated for 26 years, we were

desperately poor, and the people were suffering. But 10 years later, all we have produced is idealistic platitudes.

I know that sounds harsh, but we need to be hard on ourselves. It is not enough just to criticize the military regime. We have an obligation to seriously examine our strategies — and if they aren't working, we need to find others that will.

Let's start with sanctions and boycotts. The National League for Democracy has focused on these to pressure the military regime to enter a dialogue.

Why didn't the strategy work? It was based on the assumption that the military regime depends on foreign investment to survive. But the regime did not topple when millions of us protested in the streets in 1988. It did not topple when the United States and Japan cut off aid. It did not topple when Washington imposed sanctions. In fact, it now seems stronger than ever.

The second claim about sanctions is that they hurt only the elite, since ordinary people do not benefit from investment.

It is true that the elite is benefiting. But so are ordinary people, who have found jobs in garment factories, construction projects, and hotels. Those may not sound like very good jobs, but we are just at the beginning of economic development, and even a low-paying job is better than no job at all.

Most economists would agree that urban elites usually

benefit more than rural farmers in the early stages of economic growth. So it is sensible to deny everybody jobs, simply because some people will get richer than others? In fact, many of us fear that sanctions are making the people more vulnerable.

Burma is a poor, agrarian country, and most of our people live without even electricity or telephones. This makes Burma easy to rule with military, rather than political, methods. But if we encourage large, responsible companies to come in, they can be a strong influence for modernizing and opening the economy. And if Burma develops economically, it will help promote political development.

The old methods do not work anymore. Governments in modern, developed societies have to respond to the people, rather than the other way around. There are no easy solutions for Burma, and there is no automatic path to democracy — Cambodia is proof of that. But sanctions are a path to nowhere.

Politicians inside and outside the country need to set realistic goals and come up with pragmatic strategies. Politics, after all, is the art of the possible, and the future of millions of people is at stake. Let's drop the platitudes and find realistic ways to help the people of Burma, not condemn them to poverty in a senseless pursuit of Utopia.

The writer is a painter and writer living in Rangoon. She contributed this comment to the International Herald Tribune.

Superpower or Super-Gossip?

By Flora Lewis

NEW YORK — Foreign blips like Iraq and Kosovo have faded from the screen, and the Clinton sex scandal again dominates American thought. People here are unaware that France has a parallel scandal, similar in many ways but with the key, characteristic difference that what matters to the French is not lying about sex but about money.

The rest of the world is bewildered, mocking, appalled that the issue of American affairs should be the president's private behavior.

Americans, rejecting the charge of hypocrisy, find it irritating that what they consider cynical foreigners do not appreciate the prime importance of speaking truth under oath. Nothing illustrates more sharply the contrast in how Americans view themselves and their country these days and how they are perceived from abroad.

"How is it," a distinguished New York lawyer complained, "that Europeans and others don't see the real issue here? It's about perjury, obstructing justice and the rule of law, character in leadership. Their press doesn't go after these things, and that's why they can't get rid of corruption."

I told him that from outside, what weighs about the United States is that it is a superpower. It tries to tell the world about whether there should be war in Iraq, what to do about Asia's financial crisis, the future of NATO and, a special burr for the French, to watch its colossal movies. Its Congress disdains the United Nations and wants to dictate who can trade with whom.

Other people wonder how a country with such heavy re-

sponsibilities — and, some would say, pretensions — can devote its attention to such frivolous peccadilloes.

To the New York lawyer, it is the very bedrock of the American system, the rule of law, that is at stake. Americans see themselves not as rulers of the world but as guardians of certain standards which they must apply at home if the country is to have influence abroad.

I asked him if, had he known then what he knows now about the private behavior of John Kennedy, he would have thought that Kennedy should be reprimanded in public and driven out of the office.

It was a hard question. He answered reluctantly, but, being from Boston, he knew a lot about Kennedy clan shenanigans. Gulping, he said "yes." Yet John Fitzgerald Kennedy is a world hero. His image is Camelot.

The French magazine *Marianne* recently ran a cover story under the heading "If France applied American requirements, it could never have kept a president." There was a long series of titillating bits about successive leaders, all more or less already known, all brushed aside, perhaps with a smirk but with no sign of indignation.

The current scandal focuses on Roland Dumas, now head of the Constitutional Council, which makes him roughly equivalent to chief justice of the U.S. Supreme Court. He was a close friend of the late President Francois Mitterrand and served as his foreign minister for several years.

By implication, Mr. Mitter-

rand was directly involved in an assortment of deals including huge bribes to foreign officials and kickbacks to finance French parties, a "commission" of \$10 million to a woman friend of Mr. Dumas to advance an arms sale to Taiwan, and large amounts deposited to Mr. Dumas's account in cash. He says he can justify it all.

Two determined women judges are pursuing the investigation. The press is following the inextricable complications cautiously, hinting, but with great delicacy, at what might be the relations between Mr. Dumas and Christine Deviers-Joucaux, who, in addition to the commission and a high salary, was given a credit card by the state-owned oil company Elf to spend \$25,000 a month as she wished.

She bought a handmade pair of shoes for Mr. Dumas costing \$2,000, and expensive clothes for herself.

The story could lead very far into bow publicly owned French companies deal with foreign governments and their own. But it probably won't. It is an embarrassment to the current Socialist government, which has avoided comment.

The French public minds about the devious use of money, but apparently not about the personalities. There is a tendency to consider this a more dignified, urbane way to deal with misconduct in high places than America's prurient frenzy.

The big difference is whose dirty linen is exposed. Superpower or not, Americans want to see themselves as morally upstanding. To the rest of the world, what matters is their conduct as a superpower.

Flora Lewis

Herald INTERNATIONAL Tribune

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OPINION/LETTERS

It's Time to Wrap Up
The Capital Sideshow

By E. J. Dionne Jr.

WASHINGTON — So when does it end? Will we spend the next 22 months talking about President Bill Clinton's sex life? True, it's not just about sex. It is about character and, perhaps, obstruction of justice, lying and sexual harassment.

Yes, Kathleen Willey made a powerful presentation against the president. She appeared credible enough that it was hard for Anita Hill's defenders not to come forward on Mrs. Willey's behalf. Some of them — notably Ms. Hill herself and Patricia Ireland of the National Organization for Women — did.

And it is difficult not to be upset with the president. Since he knew that his behavior with women was destined to be an issue, why didn't he go out of his way to avoid situations that might even appear to be compromising? If you believe a vast right-wing conspiracy is out to get you, you watch your back and you behave.

Still, there is a core problem with this story, and it is one of the reasons why the public still has not moved on Mr. Clinton. In this controversy, it is possible to believe that everyone is right.

You can be fairly certain that the president did things he should not have and also know that some of his enemies will do anything to bring him down, no matter what he did.

You can believe that Ken Starr



'Call Mr. Starr - Myrtle's been groped.'

inquiry now and send his report to the House. If he has outstanding prosecutions, let him go ahead while Congress ponders.

Congress should deal with Mr. Starr's findings fairly but expeditiously, using the House Judiciary Committee headed by Representative Henry Hyde, Republican of Illinois, a man respected by members of both parties.

Representative Charles Canady, Republican of Florida, was right to question Newt Gingrich's idea of setting up a special committee.

'The creation of a select committee' would be attacked as an attempt to stack the deck and

politicize a process that should be carried out in a judicious and objective manner. Mr. Canady said in a letter to Mr. Gingrich, the House speaker.

Once the issue moves to Congress and the Paula Jones case is decided, President Clinton will have no more excuses to prevent him from speaking out. And let Congress make its decision before November's elections so the voters can render a verdict on Congress's verdict.

Many legislators in both parties would prefer delay. But the voters do not seem to want that, and postponing the day of reckoning also carries a political price.

Eight years ago, the political scientists Benjamin Ginsberg and Martin Shefter wrote a prescient book, "Politics by Other Means," in which they argued that the power of the people to decide important matters through elections had been supplanted by a new kind of politics. It is built around press disclosures, judicial proceedings and investigations.

They could not have imagined how far this move away from deliberative democratic politics would go. It is time to shut down the sideshow, decide Mr. Clinton's fate and, yes, restore power to the people.

Washington Post Writers Group.

LETTERS TO THE EDITOR

Clinton Bashing

Regarding "Willey Account: Jars Women Who Back Clinton" (March 18):

My mother taught me in the 1950s that, in sexual encounters, I, the girl, had the upper hand. All women have experienced encounters with "predatory" men. There's the tap on the knee under the table; the arm around the shoulders, accompanied by an unnecessary squeeze; the glance that lingers, no longer a glance.

If he's a cad, a brist "Get your [expletive] hands off me" will

usually do. If he's an old friend, a humorous comment can act as cold water. If the attraction is mutual, well, Katy bar the door!

But please, unless he is wielding a weapon, strung out on drugs or booze or accompanied by thug-like friends — in other words, unless he is bent on rape — do not resort to the "victimization" claim.

At my age, the issue is moot, but I hope that my daughters and other women of their generation will not allow themselves to be so victimized. I also hope that, should they agree to a clandestine

sexual encounter with a man, they will have the good sense and class to keep their mouths shut afterward.

CAROL ALLEN,
Paris.

Women would not be going or speaking out against Bill Clinton if he were not president. (Can one even begin to imagine how backed up the courts would be if every woman who had experienced unwanted advances from men were to press charges?)

I am not defending unwanted advances, but since President Clinton did nothing that caused

these women to run screaming for help at the time of the alleged incidents, one has to wonder at the veracity of their claims. Could the promise of fame and fortune be their motivator?

Let's get rid of these cases and get on with the important matters of the world.

MARY H. THOMPSON,
Louvain-la-Neuve, France.

Like Bill Clinton, I, too, am "mystified." In my case, however, I am mystified about his behavior.

The recent scandals involving the president have been embarrassing. As an American woman, I cannot understand why the Democratic Party has not asked him, for the good of the country, to resign.

P. CHRISTOFFERSON,
London.

I enjoy William Safire's language columns dealing with the origins and usage of words and sayings. Recently, however, he has been tediously using almost every column to take a gratuitous shot at Bill Clinton. Enough already!

J. DONALD OSTROW,
Amsterdam.

BOOKS

HAVE GUN WILL TRAVEL:
The Spectacular Rise and Violent
Fall of Death Row Records

By Ronin Ro. Doubleday.

372 pages. \$23.95.

Reviewed by Neil Strauss

IN the 1990s, music executives have become figures as legendary, compelling and often as scandalous as some of the musicians they make their millions from. Fredric Dannen's best-selling "Hit Men," published in 1990, portrayed the industry as a corrupt, misogynist, double-dealing big business run by temperamental crooks.

After that book came a highly visible executive mutiny at Warner Brothers, which led to the firing of a dozen executives and the loss of millions of dollars and a heap of behind-the-scenes shenanigans at record companies and the abuse of executive power a permanent part of the public appetite.

As if to answer this hunger in the 1990s, Suge Knight rolled into the music industry, a 315-pound banquet cart of scandal who had eight criminal convictions and five contracts on his life in the six years he was an executive before being imprisoned for parole violations last year.

The gangsta-rap label he ran, Death Row (once home to Tupac Shakur, Snoop Doggy Dogg and Dr. Dre), upped the ante of music-industry corruption from a sleazy world of payola and sexual harassment to a dangerous battleground where enemies were pistol-whipped or mysteriously disappeared, the label's own artists were beaten at company meetings and contract negotiations were made with baseball bats instead of pens.

The rise and fall of Death Row is one of the most important and tragic stories of pop music in the '90s, culminating in the drive-by shootings of two top rap-

pers, Shakur and Notorious B.I.G. And Ronin Ro, a hip-hop writer known for his work with The Source magazine and a previous book on gangsta rap, is the first to try to tell the story completely.

"Have Gun Will Travel" is a definitive book chronicling the violent world of Death Row. Never has there been a label quite like it. Ro writes about the label's offices, where messengers and other visitors were known to be robbed: "If Suge felt someone was trying to cheat him, the offender would be dragged into a storeroom by his goons and pounded to a bloody pulp. Death Row employees went about their filing and faxing as bloodcurdling shrieks filled the office. They saw the doorknob jerking, knowing that people were desperately trying to escape a beating."

With all the beatings, lawsuits, unsolved murders, million-dollar swindles and gang activity surrounding Death Row, it would be hard to write a book on the label that wasn't a page-turner. "Have Gun Will Travel" mixes Ro's own reporting, which relies heavily on the testimony of a few minor players, and his coverage of Knight's probation hearings, with mostly unattributed quotations that originally appeared in The Source, Vibe and The Los Angeles Times.

It is, for the most part, a straightforward account that reads like a long, well-researched newspaper article with a few juicy rumors thrown in for spice. Parts of the book appear to have been quickly written: stories are repeated almost verbatim, typographical errors are common and there are moments of sheer stupidity. For example, Ro says about the street gang the Avenue Crips: "During this period there was nothing glamorous (or marketable) about the group. They did not have identifying colors; they didn't commit drive-by shootings." After calling drive-by glamorous and marketable, he goes on to describe shooting white police officers as macho and

the crying of a man in a courtroom as a "shocking outburst" because of its femininity, which it may very well be, but only in the homophobic world of rap.

In chronicling Knight's path from high school athlete to Los Angeles Rams football player to car thief to bodyguard to record executive to convict, Ro also offers histories of West Coast gangsta rap, Los Angeles street gangs, the political war against gangsta rap lyrics, Death Row rivals like Combs and imprisoned drug dealers like Michael Harris, who claims to have given the label its seed money.

More interesting than these previously reported incidents, however, is Ro's indictment of major corporations that did business with Death Row-Sony and then Interscope Records, owned by Time Warner and later sold in part to Seagram. Ro claims that they knew about Death Row's violent business tactics, watched as its employees were "threatened and slapped around" by Death Row thugs and nonetheless "turned a blind eye to the violence" so long as money could be made; the label took in some \$100 million annually.

While Death Row's critics have called the violence that enveloped the company a case of life imitating art, "Have Gun Will Travel" shows that the situation was actually much more complex.

Sometimes life did imitate art, and sometimes art imitated life; sometimes success bred greed, and sometimes bad tempers were mistaken for good business sense. But most of the time the problems that plagued Death Row were a result of the street following the label into the corporate world.

But the story is not complete: major characters like Snoop Doggy Dogg have broken their silence on the label since the writing of this book, and others like Suge Knight have yet to come clean. There is still another, better book to be written.

New York Times Service

BRIDGE

By Alan Truscott

THE newlyweds Bob Levin and Jillian Blanchard were sitting North-South on the diamond deal from a regional team championship in Hilton Head, South Carolina.

After a high-stakes opening auction, West found himself in a shaky three-no-trump contract.

He would have been defeated by the obvious spade lead, but West did not want to give a trick to the spade king and led the diamond ten. Dummy's queen won the trick.

Looking at all four hands, would you choose to play or defend now? The obvious play for South was to assume that West held the heart ace as

part of his opening bid, not a heart lead would lead to quick defeat. Instead he cashed five club winners and reached the position shown below.

South led the last club and discarded the diamond jack. East threw the spade queen, and West was in trouble. If he

gave up a diamond, South could cash the diamond ace and take a heart finesse against the queen, scoring a heart trick eventually. If he threw a spade, South would succeed by ducking spades twice.

West threw a heart, but that was no better. Reading the position perfectly, Levin led the heart king from dummy, crushing the queen and establishing his ninth trick.

West had gone astray in discarding. If in the diagrammed position he had held one more spade and one fewer heart, South would have been helpless. East would then throw a heart, and South would be squeezed before West.

If South gave up a diamond, West would do like-

wise. And if South threw a heart West could afford to throw a spade. The defense should prevail, but it is not easy.

NORTH
♠ 5
♥ K 10 4 3
♦ 9 8
♣ A K Q 5 4 2

EAST (D)
♠ Q J 10 9
♥ A 9 7
♦ 7 3 2
♣ 10 5 5

SOUTH
♠ K 2
♥ J 5 5
♦ A 3 4
♣ J 8 3

North and South were vulnerable.

The bidding:
East South West North
Pass Pass 1 ♣ 2 ♣
2 ♣ 2 N.T. Pass 3 N.T.
Pass Pass Pass

West led the diamond ten.

In Paris, a Golden Flame
Draws Diana's Pilgrims

By Gwen Davis

PARIS — In the background sounds the not too gentle moosh of traffic as it speeds down into the tunnel where occurred the crash with the biggest reverberations since the one in 1929.

Diana died next to the Pont de l'Alma. On a concrete island near the bridge is a replica of the Statue

MEANWHILE

of Liberty's flame. It was given by the International Herald Tribune, on the occasion of the paper's centennial in Paris in 1987, as a symbol of French-American friendship.

Today, the gold leaf of the flame is scratched with Diana's name. Beneath the torch are flowers, notes, graffiti. Angry words are etched into the marble base. There are pictures of Dodi and Diana on their sunlit Riviera holiday, and signs in English and Arabic.

"Our only Queen is dead," says one.

Pilgrims — and the flame has become nothing less than a pilgrimage site — are unable to go into the tunnel to visit the actual crash scene, so they bring their flowers and notes and sadness and morbid curiosity to this spot. Nearly all of them seem to think the flame is officially there as a monument to Diana.

That was the description I got from a Frenchwoman who had lived in Paris all her life. As conspicuous as the torch is, no one apparently paid it much attention until last August. The multitudes, it seems, imagine it then sprang up overnight, in remembrance.

Now they come to see it as they would the Eiffel Tower, which rises in the misty east distance. Rarely are there fewer than a dozen people gathered round the flame, reading the messages.

One: "The British government killed her because her husband is a Musselman, but they cannot kill her because she will already be a Musselman in heaven because she carried his child."

We have all heard the rumors. A taxi driver in London said the accident was "very convenient," happening as it did out of sight in a tunnel. A taxi driver in Paris said the pyroo the car struck had hardly a nick, while the car was demolished.

But conspiracy theories have

always raged around the deaths of charismatic people, from Abraham Lincoln (the secretary of war did it) to JFK to Marilyn. Only President McKinley's assassination is not questioned, probably because he was boring.

In truth, as people friendly with Dodi al Fayed will tell you, he liked to go fast, liked to put off the media even while courting them.

Once, the soft-porn star Koo Stark (who was then dating Prince Andrew) was in the back seat of Dodi's limousine in New York. He made the driver go 90 miles (145 kilometers) an hour at mid-night along Madison Avenue, through red lights. Everyone was thrown to the floor, including the professional gossip from Los Angeles who told me this story.

Dodi and Diana "helicoptered to see Diana's psychic who was dying of cancer, and she told them they were soul mates," he also told me.

"Why didn't she tell them not to go near the tunnel?" I asked. Diana died at the moment of her greatest radiance, and the work that she did had power — so much so that she did, in effect, posthumously win the Nobel Peace Prize.

And though there are no more flowers around Kensington Palace — where they lay, waist-high, after the funeral, their perfume discernible for miles — flowers are brought nearly every day to the golden torch.

Recently I chanced by as an angry Parisienne was clearing the flowers away and tearing off the notes, while her companion tried to remove some of the graffiti. A policeman gave him a ticket because he was illegally parked.

The woman screamed at the cops: "Why are you punishing him? Why don't you punish the idiots who desecrate this place? It's immoral. This is supposed to be a symbol of friendship between France and America!"

I asked for her name, saying I intended to write about the site. "Write to Chirac!" she shouted, refusing to give her name. "Maybe he will do something."

The author is an American writer living in Paris. Her new novel, "West of Paradise," will be published in May. She contributed this comment to the International Herald Tribune.

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INTERNATIONAL

Old Mideast Hand Going to Iraq

U.S. Diplomat Joining Arms Inspectors at Presidential Sites

By Barbara Crossette
New York Times Service

UNITED NATIONS, New York — The Clinton administration has nominated an Arabic-speaking American envoy with wide experience in the Middle East to the corps of diplomats who will join in inspections of eight Iraqi presidential properties for weapons of mass destruction.

The inspections of previously off-limits sites, part of an agreement made last month between Secretary-General Kofi Annan and President Saddam Hussein of Iraq, could begin as early as next week.

Ryan Crocker, former ambassador to Kuwait, will be the first American diplomat on assignment in Iraq since 1990, when the United States closed its embassy in Baghdad. U.S. interests are looked after by Poland.

Mr. Crocker, 48, will be part of a pool of diplomats from 20 countries, including all five permanent members of the Security Council.

Several envoys, who are expected to be on standby in Baghdad when inspections begin, will be selected from that pool to observe inspections.

They will be carried out by the United Nations Special Commission, known as Unscorm, which has been disarming Iraq since 1991.

The arrangement under which Unscorm inspectors will be observed for the first time by diplomats gave Iraq a way to back away from its ban on visits to the sites, which are scattered throughout the country.

One property is the Republican Palace in Baghdad, where Mr. Annan and Mr. Hussein met on Feb. 22.

Iraq had complained that arms inspectors, who are seeking signs of biological and chemical weapons programs as well as missile production, were not sufficiently respectful of presidential properties.

Other inspections have continued without serious interference.

Richard Butler, executive chairman of

Unscorm, said in an interview that he hoped to begin looking at all eight sites in a series of inspections beginning by the end of the month. Other return spot inspections are likely to follow, based on information gathered in the initial tours.

Mr. Crocker was the ambassador to Kuwait from 1994 to 1997 and director of the State Department's Iraq-Kuwait Task Force after the Iraqi invasion of Kuwait in August 1990. He has also served as a diplomat in Egypt, Iraq, Qatar and Iran.

First Diplomatic Team Named

Jayantha Dhanapala, the envoy appointed by Mr. Annan to organize the diplomatic representatives for UN teams in Iraq, announced Thursday who will accompany the first round of inspections. The Associated Press reported from Geneva.

One senior diplomat from each of the



Jayantha Dhanapala explaining how diplomats will be assigned to Iraq inspections.

five permanent members of the Security Council — Britain, France, China, Russia and the United States — and 15 other countries are expected to travel to Bahrain this weekend, Jayantha Dhanapala of Sri Lanka said at a news conference.

The diplomats were chosen from a pool of 56 that was drawn up after 28 countries responded to a call to some 60 diplomatic missions in New York to put forward two candidates each.

CLINTON: Dealing With Starr Report

Continued from Page 1

Their plan envisages the appointment of a small group of House members, drawn primarily but perhaps not exclusively from Mr. Hyde's committee. The select panel would examine evidence assembled by Mr. Starr's inquiry of financial transactions by Mr. Clinton and his wife, primarily during the 1980s, and the more recent allegations that Mr. Clinton lied about his relations with a number of women and tried to obstruct justice related to their testimony.

Mr. Hyde, who bridled at earlier suggestions that Mr. Gingrich might preempt his committee, told the speaker he would be willing to accept some members from outside the committee if their participation would assure broader support in the House for whatever recommendations the smaller group might make, officials said.

Sources said senior members from other committees might carry more weight than some of the junior members of the Judiciary panel less well known to their colleagues and to the public. Mr. Gingrich and Mr. Hyde agreed that the panel would be bipartisan, presumably meaning that the Democratic leadership would decide the makeup of the minority side.

Mr. Hyde recommended that the group examine Mr. Starr's evidence at the office of the independent counsel to avoid being bound by House rules making material in the files of any standing committee available to any member of the House. He said that the formulation would give Mr. Starr assurance that evidence critical to possible future criminal prosecutions would not become public inadvertently.

Officials said the speaker and Mr. Hyde agreed that if the small group decided it had seen evidence sufficient to suggest the possibility of an impeachable offense, it might ask Mr. Starr to sum up the case against Mr. Clinton and ask the president's attorneys to offer their rebuttal.

Only then, according to the plan, would this group recommend to the Judiciary Committee whether a formal impeachment investigation be begun.

Mr. Starr's office already is preparing a report for Congress detailing the evidence of possible perjury and obstruction by Mr. Clinton in the Monica Lewinsky matter. The independent counsel's office has not yet decided whether to supplement that report — which it hopes to complete within two or three months — with evidence suggesting there have been patterns of perjury and obstruction in other areas of the Whitewater financial investigation, or to treat Whitewater issues in a separate report.

Mr. Starr's office also has been considering timing and procedural issues that could be affected by the current Gingrich-Hyde scenario.

Prosecutors have been mulling how quickly to dispatch the report — whether, for example, to send it promptly even if it's not complete, or to wait until testimony from all witnesses before Mr. Starr's grand jury is obtained, according to lawyers who have some knowledge of discussions taking place.

Ms. Lewinsky, whose claims of a sexual relationship with Mr. Clinton in

tape-recorded conversations with a friend sparked the current phase of the investigation, has not yet testified.

As Mr. Starr's prosecutors begin drafting their report, knowledgeable lawyers said they are concerned that they not look as if they are acting in a political manner — either by rushing the report or taking so long that its completion coincides with the fall campaign. Prosecutors also have been considering whether they need any sort of court approval to send to Congress a report that contains grand jury evidence, including tape recordings, depositions and physical evidence. The same concern presumably would arise if members of Congress were to ask to examine such evidence at Mr. Starr's office.

Congressional Republicans generally have expressed skepticism, as a matter of political reality, that impeachment would proceed if Mr. Clinton continues to enjoy the broad public support almost every poll has recorded since the Lewinsky allegations became public in January.

BRIEFLY

Israeli Hacker Stirs Praise and Caution

JERUSALEM — An 18-year-old Israeli master hacker accused of having launched the most organized attack ever on the Pentagon's computer system earned praise Thursday from Israel's prime minister.

"Damn good," Prime Minister Benjamin Netanyahu said when asked what he thought of the hacker, who was put under house arrest Wednesday and had his computer taken away. "Very dangerous, too," Mr. Netanyahu added quickly.

The suspect, who calls himself "The Analyzer" and was identified by the U.S. Justice Department as Elmad Tenebawi, was questioned Thursday by a special police anti-hacker unit. (AP)

Jerusalem Cleric Defends Bombings

JERUSALEM — Jerusalem's top Muslim cleric says attacks against Israeli civilians are legitimate as long as Israel continues to occupy Palestinian lands.

Jerusalem's grand mufti, Ikrima Sabri, told reporters visiting from Cairo on Wednesday night that Islamic suicide bombings were a legitimate response to the Israeli Army's action against Palestinians. "It isn't a matter of whether these bombings are legitimate or not," Mr. Sabri said. "Their army kills innocent women and children, the bombers kill innocent civilians. Why does the army have the right to do that and we don't?" (Reuters)

Advice to Argentina

BUENOS AIRES — Argentina's former President, Raul Alfonsín, said Thursday that Argentina had the right to take up arms and fight if the Supreme Court decided to allow Carlos Saul Menem to run for a third consecutive term as president.

"We all have the obligation to defend the constitution, the right to resist oppression and the necessity, indeed the duty under Article 21, to take arms in defense of our country and the constitution," Mr. Alfonsín, who was president from 1983 to 1989, said on a local radio station. (Reuters)

For the Record

Chile's constitutional tribunal said Wednesday that it was unfettered to rule on a petition to block the presence of Augusto Pinochet in the Senate. The unanimous decision effectively quashed the petition by members of the lower house of Chile's legislature who said Mr. Pinochet, 82, could not take up his Senate seat because he was never elected president. (Reuters)

Lott Calls for Camdessus To Be Fired as IMF Chief

Reuters

WASHINGTON — Trent Lott, the Senate majority leader and a longtime critic of the International Monetary Fund, said Thursday that the institution's managing director should be dismissed.

But Mr. Lott also said he thought legislation requiring the United States to pay its bills to the IMF would pass in the Senate, with conditions attached.

"I would like us to get rid of the head of the IMF," the Mississippi Republican said. "He's a Socialist from France. Am I too blunt?"

Asked whether he agreed with IMF policies, Mr. Lott said: "Quite honestly, I do not. Do I think there should be transparency to see who they are making those loans to and what they're doing with it and who it's going to? Absolutely. This is America. It ought to be open. It's taxpayers' money."

The IMF's managing director, Michel Camdessus, 64, has completed just over a year of his third five-year term as head of the fund. He was appointed by its executive board for a fixed term that could be prematurely ended by the U.S. Congress.

The IMF's articles of agreement say the managing director "shall cease to hold office when the executive board so decides."

Mr. Camdessus was previously the governor of the Bank of France and served as director of the French Treasury during a Socialist administration between 1982 and 1984. The high-profile position traditionally goes to a senior civil servant.

Pleas for IMF and UN Funding

Eric Schmitt of The New York Times reported from Washington:

Three members of President Bill Clinton's cabinet warned Wednesday that American economic and security interests will suffer badly if Congress fails to approve new financing for the International Monetary Fund and pay its back dues to the United Nations.

Speaking in grave terms, Defense Secretary William Cohen, Secretary of State Madeleine Albright and Treasury Secretary Robert Rubin went to Capitol Hill to plead for \$18 billion for the monetary fund, nearly \$1 billion for the United Nations and \$2.5 billion for military costs in Bosnia and the Gulf and for disaster relief.

"Our national security, and war and peace, are at risk by not having appropriate payment of UN arrears," Mr. Rubin said at a news conference. "The financial stability of the world is at risk."

The House and Senate are considering the requests, but the emergency spending bills have become entangled in partisan bickering, anti-abortion amendments and many Republicans' deep distrust of international organizations.

Without quick approval of the spending bills, Mr. Albright said, "we're in danger of shutting down U.S. national security policy."

Emphasizing that American economic and security goals are interlocking, especially in countries like Thailand and South Korea, Mr. Cohen said, "We need to move on the IMF funds as quickly as possible."

The joint appearance reflected a growing unease at the White House that two of President Clinton's top foreign policy priorities — financing for the monetary fund and payment of the United Nations dues — faced formidable obstacles.



An art shop in Accra, Ghana, displaying a portrait of President Clinton and the first lady. Mr. Clinton is slated to visit Ghana on his African tour.

GHANA: Frantic Preparations Are Under Way for Clinton Visit

Continued from Page 1

United States accords Africa this kind of attention. There will be reminders, too, of how unequal the discussion can be whenever the Americans do come.

Whether the subject is Washington's current emphasis on commerce in its policy toward the continent — summed up in the phrase, "trade not aid" — or something so simple as traffic and security arrangements, African officials may soon discover that with a guest this important, having the last word is next to impossible.

Many Ghanaian officials broach the topic of Mr. Clinton's impending visit with distinct pride in the fact that the White House has chosen their country at all, not to mention that it will be the president's first stop.

Others involved in making sure the visit comes off successfully, however, are already well-versed in scarcely imagined difficulties in the details.

First, of course, was the hotel issue. Ghana's bustling capital has over 500 top-flight hotel rooms, putting it within range

of the Clinton delegation's needs, but it turns out that the largest, and perhaps best hotel, the Golden Tulip, is owned by Libyan investors, thus placing it out of bounds for official American guests.

Even though Mr. Clinton will not be spending the night, his advance team, security people and assorted aides and guests will be scattered across 24 hotels, prompting one diplomat to remark, "You can imagine the logistical nightmare involved in keeping everything clicking."

With a mixture of amused wonderment and slight irritation, Ghanaian officials tell stories of White House inspection visits that resemble a cross between a bomb squad sweep of a public building after a scare and a health department inspection of a neighborhood diner.

"I'll never forget watching one of these people, a lady, walking through the Castle with a clipboard saying: 'This will have to go. That's fine right there. And, oh, is there any way you could move this furniture?'" said one assistant to Ghana's president, Jerry Rawlings.

"When we reached the outside, they

took one look at the huge generator we have and said that it wouldn't do."

"The woman actually asked if we could replace it," Mr. Rawlings' assistant said, referring to a large, multimillion-dollar piece of heavy equipment.

And when the government politely declined to replace the generator at the state house, Mr. Clinton's assistants began planning to fly in one of their own for use during his planned eight-hour stopover here.

As for the press center, in a country where placing even a local call can require persistence, the Ghanaian official said the visiting press would have to make do.

Besides logistics, Ghanaian officials are finding out that wherever policy and communications intersect, Mr. Clinton's visit will be tightly scripted.

"We've been told that Clinton is coming to change the way Americans think about Africa, from a continent of despair to a place of opportunity and hope," a senior Ghanaian official said. "I guess if you want the president of the United States to come, you've got to let him give his message."

No Paint for Hubby Without Wife's Note

Reuters

LONDON — A shopkeeper, fed up with men returning paint because their wives hate the color they have bought, has decided to sell paint to husbands only if they bring a note from their wives.

"We will not supply husbands with colored paint without a signed note from their wives," said the new sign Allan Gordon has posted in his store in Alford, Scotland.

"We have had to change a lot of paint for people in the past," Mr. Gordon told The Daily Mail. "When he put the notice up, he said, 'Men are thinking a bit harder about what they buy.'"

half-dozen second-story windows were broken and have been covered with cardboard.

To be sure, the riot left several shopkeepers on the street shaken. One family stayed in their house for five days with their thick metal shutters down.

Anti-Chinese feelings still run deep in the areas surrounding Pasuruan, especially among the young.

A young man in a sarong stopped at Mr. Darmo's shop recently and addressed Mr. Darmo's wife. "You have raised the price of cigarettes again. Do you want me to burn down your shop?"

KEROSENE: Anatomy of a Price Riot

Continued from Page 1

ported to have died in riot-related violence since the beginning of the year, but the circumstances of those deaths remain largely unclear.

"So far, the riots haven't been that big compared to riots in the past, which took place in the absence of an economic crisis," said John Sidel, a lecturer in politics at the school of Oriental and African studies at the University of London who has studied the history of anti-Chinese riots in Indonesia.

"Most manufacturers are Chinese, so people automatically think that the Chinese are responsible for the crisis," said Nurhawi, 53, who sells durian fruit in front of the shop that was attacked last month. "But I don't agree with the people who threw rocks."

On Feb. 2, people took to the streets because a group of small-time kerosene traders who sell off of carts they roll through village streets had tripled their prices overnight. This caused panic in the villages, where kerosene is an essential item, used for both cooking and lighting.

Even more important than the price rise, according to Zakky Ubaid, a leading Islamic cleric in Pasuruan, was the way the news was delivered: without any warning or explanation.

"People were angry not because of their suffering — Indonesians are used to suffering," Mr. Zakky said. "People were angry because of something that

they didn't understand. The price of kerosene went from 400 to 1,000 in one day. They thought that was irrational."

The price rise was apparently a fluke: The traders had misunderstood an announcement on television, that the government would soon raise the price of kerosene by 6 or 7 percent.

"The traders thought that meant an increase of 600 to 700 rupiah per liter," said Setio Darmo, a Chinese shop owner who lives on the outskirts of Pasuruan. "So they raised their prices."

When the villagers learned of the price increase, they rushed into town carrying sticks and pelted the wholesale business of Mr. Darmo's neighbor, Wachid, an indigenous Indonesian who distributes such goods as kerosene and sugar. Rocks were thrown, breaking several second-story windows.

"People asked the traders where they got the kerosene from and they told them from me," said Mr. Wachid, who said he had not increased his wholesale price at all. He added that the government would not have allowed him to raise the price of kerosene. "I would have been arrested if officials believed I raised prices," he said.

It is unclear exactly how many people took part in the protest in Pasuruan, but about 30 people were initially detained, and one person is still being held. Police in Pasuruan declined a request for an interview with the suspect.

Today, it takes discerning eyes to notice the damage caused by the riot: a

NATO: Chaotic Start to U.S. Senate Debate

Continued from Page 1

is about saying we thought we were going to have a debate on education."

In the midst of it all, Senator John Warner, Republican of Virginia, hinted at dire consequences if the Senate approved NATO expansion. He raised the chilling prospect that enlarging the alliance could create a new Iron Curtain.

Soon enough, senators would begin orating, with appropriate gravity, the pros and cons of admitting new members to the military alliance — a decision that many called the weightiest foreign policy matter in decades and one that is expected to cost American taxpayers \$400 million over the next 10 years.

But many of them smarted to find themselves suddenly on to world affairs. Senator Byron Dorgan, Democrat of North Dakota, said he would be happy eventually to debate NATO, but added: "I regret we're here. We should be debating education."

Those who favor expanding the alliance had hoped to build support for their view with an orderly presentation and days of debate that would engage the public and the press. Instead, they abruptly began the debate Tuesday, after Senator Trent Lott, the Republican leader, failed to resolve a dispute over an education bill. That dispute continued Wednesday, and after much procedural haggling, NATO was back on the floor.

On Wednesday, NATO was reduced to just one more venue for partisan bagging,

which in the short run concerns procedural advantage and in the long run concerns whether Republicans are presiding over a "do-nothing" Congress.

Mr. Lott said he was trying to do the right thing, even under pressure from his own party. "Right now, I have senators saying, 'Don't go to NATO enlargement! Delay it! Delay it until after the Easter recess! Delay it until June! Do it never!'" I do not think that is right."

At the end of the day, Mr. Lott said he would schedule the bulk of debate time on Thursday for NATO expansion, which he supports. But he said the Senate would also take up the education bill.

The Senate's inability to alert the public that this major debate was under way, Mr. Biden warned, "tends an air of credibility to the unfair criticism that we have not adequately and fully and seriously taken into consideration the pros and cons relating to expansion."

Mr. Warner, who is leading the opposition to NATO expansion, bemoaned what he saw as a lack of interest in foreign policy, not just among the public but within Congress.

Senator John Chafee, Republican of Rhode Island, took the floor to praise the University of Rhode Island Rams for their upset victory against Kansas and their advancing in the NCAA basketball tournament.

The debate on NATO lasted less than four hours, much of that time consumed by Mr. Biden, whom Mr. Warner gently chided as his "long-winded" friend.

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BRIEFLY

Israeli Hacker Sings Praise and Caution

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Jerusalem Cleric Defends Bombing

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Vote Start to U.S. Senate Debate

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Leisure

Lucca: Puccini Sites and Sounds Following the Composer's Tracks Inside the Walls

By Annasue McCleave Wilson

LUCCA, Italy — On a balmy evening last July, I found myself sitting at an outdoor cafe across from Lucca's iconic white church of San Michele, listening to "Che Gelida Manina" from "La Boheme" by Puccini.

The aria drifted across the piazza from the elegant Renaissance loggia comunale, one of several open-air concert sites of the Opera Theater of Lucca, a music festival and summer school sponsored by the City of Lucca and the College-Conservatory of Music at the University of Cincinnati.

I watched as the townsfolk gathered, pausing on bicycles, or on foot, to sing along softly to melodies they'd known since childhood, expressing an obvious devotion to Giacomo Puccini, who was born in 1858 in the shadow of San Michele. Even though none of his operas are set in Lucca, imagining him in his Tuscan hometown — as I found myself doing during my four-day visit — brings to mind notes from his "Vissi d'Arte" or "O Mio Bambino Caro."

They become the melodic lines defining the city of his birth.

THIRD SEASON

Now in its third season, the festival takes place June 15-July 19 this year. Among the works to be performed are the Vivaldi oratorio "Juditha Triumphans," staged by Stephen Lawless; a striking new interpretation by Malcolm Fraser, the festival's artistic director, and Allen Ote of Monteverdi's "Madrigals of Love and War"; a Don Giovanni not by Mozart but by Giuseppe Gazzaniga, directed by Patrick Young, and "Procedura Penale" by Luciano Chailly, one of Italy's foremost contemporary composers.

The festival is the brainchild of Lorenzo Malfatti, an American raised in Lucca and the creator of Festival Opera Barga, and Fraser, a Brito who started the Buxton Festival in England in 1979. When Fraser discovered that Lucca's 17th-century Teatro del Giglio, with its gilded interior and splendid royal box, was dark for part of the summer, he leaped at the chance to fill it. Like the Festival of Two Worlds in Spoleto, this event began as an Italian-American collaboration and attracts young singers eager to make their European debuts.

Lucca, encircled by magnificent 16th- and 17th-century ramparts, is a splendid place to hear this music. Puccini comes late in a long line of the city's triumphs. Lucca belonged to the gifted Etruscans as early as 600 or 700 B.C., and was later occupied by the Romans. Silk production made the city rich in the Middle Ages and it remained for the most part independent until the invasion of Napoleon in 1799.

Indeed there is much to see in the city between the performances that make up the festival. Lucca's walls are the most outstanding of its physical attributes. Completed in 1650, the walls are wide and flat on top, supporting a footpath shaded by plane and chestnut trees.

This path must be one of the most spectacular running tracks in all the world. However, the Luccesi themselves take their passeggiata not along the wall, but on the Via Fillungo. This ancient Roman road was traversed by Julius Caesar when he came to confer with Pompey and Crassus about the administration of the Empire in 36 B.C.

At its northern end is the Piazza del Auditeatro. The piazza's oval shape — all that is left of the Roman stadium that once stood there — is outlined by domestic buildings dating from the Middle Ages. Walking around the piazza from the outside, my husband, John, and I came upon scores of surviving ancient bricks tucked in among the stones and bricks of later centuries.

By happy coincidence, the feast day of Lucca's patron saint, San Paolino, falls on July 12, in the middle of the Opera Theater's performance series. The feast-day celebration begins mid-



Puccini festival in Lucca runs June 15-July 19 this year.

morning on the Via San Paolino, which is draped for the occasion with ribbons and banners. Townspeople dressed in Renaissance costume march to the Piazza San Michele, where the church's exterior arcade is adorned with rows of sconces all ablaze. The procession ends at the grounds behind the Duomo, the site of a crossbow competition.

We watched from the ramparts directly above. Evedo with modern baroque and snarling faces, the young Italian in the parade looked like the night before in the Opera Theater's production of "La Vita e la Morte di Gesualdo," a one-act opera by Fraser, the percussionist Allen Ote and the Roman actor Nicola Scorza, based on the life of a 17th-century madrigal composer. I recognized Ote in the crowd, riveted to his spot, listening to the incessant drums and videotaping the procession.

Near the other end of the Via Fillungo is the Piazza Napoleone, where young people gather on weekend nights. Anchoring the piazza is a statue of Napoleon's second wife, Marie Louise, though the square itself was a gift to his sister, Elisa Bonaparte. Napoleon gave the Duchy of Lucca to Elisa and her husband, Prince Felice Bacciocchi, in 1805; later he presented them with the entire Grand Duchy of Tuscany.

I made a special trip to the Pinacoteca at the Villa Mansi on the Via Galli Tassi to see two portraits of Puccini. The most beautiful things there, however, are not the pictures, but the tapestries and fabrics, yards and yards of liquid color,

pooled on marriage beds and spilling over windows and doorways.

Puccini was born in a house near San Michele, just off the Via di Poggio.

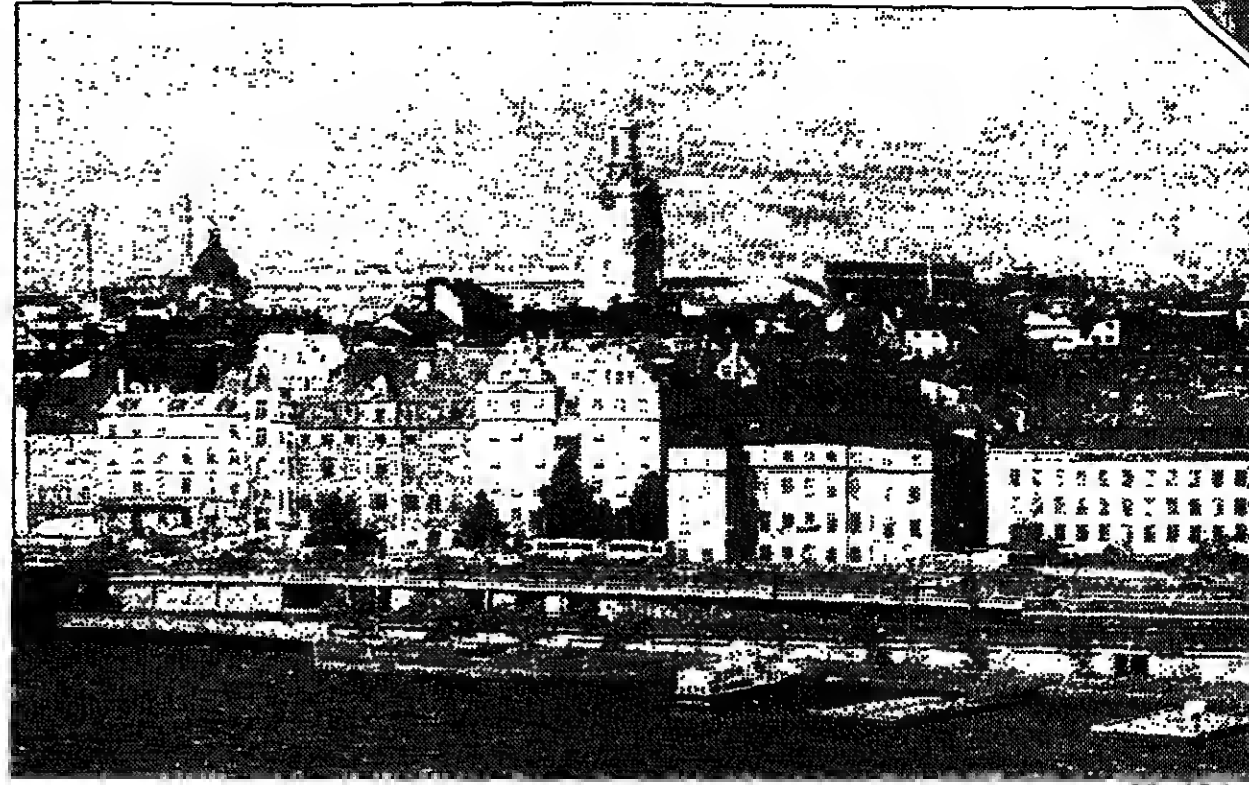
The cafe he frequented, in his day called the Caffè Caselli, is now the Antico Caffè di Sino, at 58 Via Fillungo. Its rich, dark mahogany interior, tables strewn with newspapers, is redolent of the turn of the century, when the composer and his friends — poets and other musicians — gathered there. He is said to have chosen his hats and shirt collars at Samuele Martini at 10 Vinorio Veneto while sitting in a chair smoking Toscano cigars. The haberdashery continues to thrive, having celebrated its sesquicentennial in 1996.

La Casa Natale di Puccini is on the Piazza della Cittadella, a small, sunny piazza in the middle of which sits a statue of the composer smoking languidly. The house, on the other hand, is dark, hushed and too earnest. It is filled with vitrines of letters and manuscripts, a glove here, one of Puccini's pianos there, as well as several bad paintings of family members and divas.

I preferred the Puccini home 12 miles (20 kilometers) away in the lovely hillside town of Celie dei Puccini, where the family lived for generations. In this small museum is the bed in which Puccini was conceived, and the awful religious painting of the Madonna, which the caretaker, Cavaliere Giocondo Frediani, says inspired some of the great man's works. Old recordings of "Madama Butterfly" and "La Boheme" play continuously, and sometimes Frediani stops to make you listen or sing a particularly poignant line.

THE FIRST OPERA A copy of Puccini's first opera was found in this house, a one-act version of "Le Villi" (The Fairies) in which the handwritten score was so nearly illegible with scrawled rewrites and annotations that it failed to win the competition for which it was composed. In the 1999 festival, Fraser intends to stage this one-act version, which has been performed only once, in Milan in 1884.

Annasue McCleave Wilson, the restaurant critic for Cincinnati Magazine, wrote this for The New York Times.



The Old Town and harbor of Europe's 1998 Capital of Culture: everything from jazz to a steamboat regatta.

1,020 Toasts to Stockholm

By Eric Sjogren

STOCKHOLM — "What is culture?" the organizers of Stockholm 98, the celebration that marks the city's choice as the 1998 European Capital of Culture, asked themselves. And they proceeded to arrange 1,020 events that might answer that question.

For its year as the European Capital of Culture, a designation given a different city each year by the European Union, the capital is adding these events to its regular cultural fare. They range from jazz and puppet festivals to a steamboat regatta.

In time for all this, the city has a new showcase for the arts: The Moderna Museet (Museum of Modern Art). It opened four weeks ago next to the former site and makes a virtue of discretion. When you arrive at the former Modern Museum (now a museum of architecture), all you see next to it is a passageway to the new museum and its 195,000 square feet (18,000 square meters) of floor space, blasted out of the rock.

The design by the Spanish architect Rafael Moneo consists of pavilion-like,

high-ceilinged cubes with pyramidal roofs crowned by lanterns. It fits well on Skeppsholmen, the old naval base turned museum island, which is connected to the mainland by a narrow bridge.

The inaugural exhibit at the Museum of Modern Art is "Wounds," through April 19. It has works by 70 artists from around the world, many of them painful, angry paintings and photographs, but also meditative works like the terracotta sculpture "Giovanna and the Moon" by Liliana Moro of Italy. There will be a major Joan Miró retrospective May 9-Aug. 30. Admission is \$8 (at the rate of 7.4 kronor to the dollar). Tel: (46-8) 5195-5200; Web site: www.modernamuseet.se.

The five-story Kulturhuset (House of Culture) looks a bit like a reclining office tower, but inside are a theater, performance venues, exhibitions and restaurants. One floor is dedicated to activities for and by children. The fifth-floor gallery will display "Southern Reflections" until April 13 (admission about \$2.50), an exhibition of modern Australian art. It will be followed by "Angenda" May 1-24, which will present works by 300 young filmmakers, dancers,

musicians, poets and fashion designers from the 10 Baltic countries. The Kulturhuset is at 3 Sergels Torg; tel: (46-8) 5083-1400, or www.kulturhuset.stockholm.se.

The opera season's surprise hit is "Marie Antoinette" at the Folkoperan (The People's Opera). The contemporary score by Daniel Bortz, a Swedish composer, has proved remarkably accessible, no doubt aided by the dramatic story of the Swedish aristocrat Axel von Fersen, who was the lover and would-be rescuer of the French queen. It runs until April 26. Tickets, \$31 to \$39; (46-8) 616-0750.

The Cullberg Ballet returns to Dances Hus (the House of Dance), 12-14 Barnhusgatan, May 14 to 27, with new interpretations of "Giselle" and "Sleeping Beauty" (\$27). From March 31 to April 4, the house also presents six double bass players and six dancers performing "Transe Formation," by the French choreographer Philippe Blanchard (\$21); (46-8) 796-4910.

The centenary of Orrefors Glassworks is being celebrated in an exhibition May 19 to Oct. 11 at the National Museum of Art, Sodra Blasieholmskajen. Admission: \$7.40 to \$8; (46-8) 666-4250.

The 17th- and 18th-century kiogs fenced in large tracts of land adjoining the city for their private pleasure. In 1995, this land became the Eco Park, the first national park in a metropolitan area, notable for its many stands of centuries-old oak trees. It comprises Djurgården Island to the east and Haga Park on the Brunnsviken bay, north of the city, and Fjäderholmarna and Skeppsholmen islands.

I was in Haga Park that King Gustavus III built his delightful summer pavilion in the Gustavian style, a sort of stripped-down version of Louis XV. Inside is a Hall of Mirrors — a stylish imitation of Versailles. Tours: June through August, except Monday, (\$5.25); (46-8) 402-6130.

Long before Stockholm existed, the Vikings had a major center, Birka, on Björkö Island in Lake Mälaren, west of the city. The dead were cremated, accompanied by their weapons and tools.

More than 3,000 burial mounds circle the settlement, and many of them have yielded treasures that are on display at the Viking Museum on Björkö, along with reconstructions of daily life 1,200 years ago. (The Viking heritage will literally be on parade Aug. 1 to 3, when 27 of the best reproductions of Viking ships sail into Stockholm.)

The museum is open daily 10 A.M. to 6 P.M. from May 1. Admission and a guided walk are included in the price (\$27) of a boat trip from Stockholm. Boats leave from Stadshuset, next to City Hall, at 10 A.M. starting May 1; (46-8) 5605-1445.

Information about Cultural Year events is available on the Web at www.stockholm98.se.

Eric Sjogren, a Swedish journalist living in Brussels, wrote this for The New York Times.

A Graceful Getaway in the Hills of Castile

Al Goodman

SIGUENZA, Spain — This medieval village is not nearly as well known abroad as Toledo, Segovia or Avila, all a quick trip from Madrid, but it has long been a favorite weekend escape for the capital's residents, who steal away by car or train for the one and a half hour journey into a remote, hilly section of Castile.

They come to tour the 12th-century cathedral and its artistic crypt in the town center, and to sleep at Sigüenza's noteworthy hotel, a state-run parador in the lushly restored castle.

But while other Madrid getaways long ago diversified their services for demanding tourists, Sigüenza started that process only recently. It is now catching up, although it still has a shortage of fine dining, with just one attractively priced gourmet restaurant, which is not at the hotel.

In the past year, the tortuous section of the two-lane highway near town was widened, and the tourist office moved into a restored 16th-century hermitage. An 11-room rural inn opened less than two years ago in a renovated 15th-century flour mill, and horseback riding or bicycles rentals are available.

ROYAL ROOMS Yet the parador, on the promontory overlooking the red-tiled roofs of old Sigüenza and the forested hills beyond, is reason enough to make a visit. Especially for travelers who secure one of the eight rooms outfitted with a king-sized bed under a four-post

canopy. The parador's 73 regular guest rooms are quite respectable at 14,445 pesetas (\$95) a night, but the most endearing rooms, with the deep comfort canopy beds, make splurging at 18,725 pesetas.

Room 213 was perfect on a recent Friday night. The giant bed occupies just half of the spacious rectangular chamber, which also has a salon area equipped with a couch, table, three chairs, small writing desk, mini-bar refrigerator and satellite television.

Fresh country air is available on the room's private wooden balcony, accessed by traditional glass double doors adorned with wooden shutters. The balcony has two more chairs and a table and overlooks the castle parapets and the ravine below. Even the bathroom is big, including twin wash basins.

The Sigüenza castle commands the high, defensible ground that the Romans and later the Visigoths admired. The invading Moors expanded the fortress, and the Roman Catholic bishops who took charge after the 12th-century reconquest fashioned the intricate castle that would become their headquarters.

Medieval Sigüenza was a powerful outpost, controlling nearby salt mines. Churches, palaces and graceful plazas were built on the hillside below the castle, some under the patronage of the religious figure Cardinal Mendoza. He is still well-known in Spain, partly because his name graces a premium brandy, served in Sigüenza for about \$6.50 a glass.

The castle was heavily damaged in the Spanish Civil War in 1936, as a

photo in the hotel lobby attests, but was rebuilt and opened as a parador in 1976. A \$2 million facelift a few years ago modernized the rooms and added a small gym and sauna. The large outdoor stone patio is a fine place to enjoy bar refreshments and the sumptuous former throne room, now the main salon, is often the setting for classical music performances.

But the parador's restaurant is not the best value in town for a fine meal. A better bet is the Restaurante Calle Mayor, a five-minute walk downhill from the palace at No. 21 on a street that many locals call Calle Mayor, but which is officially listed as Calle de Los Martires, referring to the "martyrs" who died for General Franco's right-wing cause in the civil war.

YET on bellicose tension is evident at the restaurant, with its wood beams and exposed stone walls. The only dispute concerns whether to try the fish or meat, and which wine to select.

A dinner for one of red peppers smothered in moist cod, a thick stiroin with a pepper cream sauce, a bottle of Rioja Ardi 1995 red and dessert of rice-milk mousse with mango sauce totaled 4,870 pesetas, including bottled water, bread and tax.

The Sigüenza brothers Santiago and Manuel Canfran, who work in Madrid bars, opened the restaurant in 1991, spending \$190,000 to restore an abandoned building that had once been a school and a Civil Guard post. Many other town buildings have been fixed

up, and the most notable structures have blue-and-white tile plaques explaining their history.

TALE OF THE CRYPT The jewel is the cathedral and its crypt room, where an unusual piece of 15th-century funerary art depicts a reclining young nobleman, reading a book. Known as El Doncel, or squire, he worked for Queen Isabella and died fighting the Moors in Granada in 1486. The lad appears so pure, but a cathedral tour guide notes that El Doncel found time to father an out-of-wedlock daughter, who is buried here, too.

Sigüenza has 5,000 inhabitants and if it seems too bustling, one could seek peace at the nearby rural inn, El Molino de Alcuzcuz. Juan Moreno and his wife, Antonia, paid about \$600,000 to refurbish the old flour mill, leaving the main grinding machine intact as a museum piece. The bucolic setting includes a section of the Heareas River flowing beneath the house. A double cosis 10,700 pesetas and includes a continental breakfast.

Unfortunately, dinner at the Moreno's stylish restaurant was vastly overpriced, costing nearly as much as the Calle Mayor, yet with ordinary, unimaginative entrees.

Parador de Sigüenza, tel: (34-49) 390-100; fax (34-49) 391-364; Restaurante Calle Mayor: (34-49) 391-748; El Molino: (34-49) 391-501.

Al Goodman, who reports for The New York Times from Spain, wrote this for the International Herald Tribune.

DINING

A Rare Breed of Chef Serves Up Hints of Days Past

By Patricia Wells
International Herald Tribune

PARIS — If the walls at 5 Rue de Fleurus could talk, they would speak volumes. Even before 1967 — when Jean-Claude and Jeannine Gramond took over this minuscule bistro that might well have served as the setting for A.J. Liebling's gastronomic splurges — the address had a sense of flair.

Gerrude Stein is said to have lived at some point in the tiny, two-story house in the courtyard now occupied by the Gramonds. Hemingway lived down the street.

One can chart the social and cultural changes that have overtaken the neighborhood since the day the couple opened their restaurant with five francs in the cash register and nothing more than a desire to serve simple, classic French fare. In the 1960s they often did two services at lunch, sending the overflow for a walk in the Luxembourg Gardens until places were liberated.

Before Francois Mitterrand became president of France, he lived around the corner, on Rue Guynemer, and was a frequent diner. The bourgeoisie of the neighborhood, including angust members of the Academie Francaise, politicians, bishops from Rome, United Nations leaders and editors from the many publishing houses within a stone's throw of the Luxembourg

made this their canteen. In short, the sort of place Parisians like to call an "etablissement confidentiel."

Today, the lace tablecloths, the bouquets of dried flowers, the fish tank in the tiny glassed-in terrace, are all testaments to days long past — another life, another style of cooking. And so is the death of "clients fideles." Publishing houses have moved to the suburbs, the two-cogme luoch is a relic of yesterday and many of the intellectuals are now too old to make it out of their apartments to the Gramonds' domain. The younger generation would rather find nourishment at neighborhood cafes.

Chef Gramond's cuisine is both earnest and admirable. He makes twice-weekly, middle-of-the-night treks to the Rungis market for produce, meat and fish. They have always split the chores, he cooking out of a compact kitchen in the back, she tending to the 20 or so spots in the dining room.

One of a rare breed of chef left in France today, Gramond refuses to alter the classic cuisine he learned more than 40 years ago in the hotel school in Toulouse. The menu, handwritten and mimeographed in purple ink on the machine they bought three decades ago, is brief and to the point: You might find seasonal green asparagus from Provence bathed in a chervil vinaigrette; a commendable terrine of foie gras; plump scallops seared in butter and served on a bed of leeks; small, tender baby leg of lamb with a fine sorrel sauce.

Daily specials might include a lamb stew prepared with white beans, or haricots blancs, grown by Gramond on their farm in the Vosges. And come fall, his game specialties take over, with a delectable wild hare terrine; a civet de lièvre, and roasted partridge.

Three bulging cellars beneath the restaurant harbor treasures from days past:

A board of sturdy Santenays from the Cote de Beaune, dating to 1978, all priced at less than 400 francs. A charming 1982 Carmes Brion goes for 389 francs. There is an exceptional, long maturing Chateau Spleen, with the 1976 priced at 430 francs; as well as a 1975 Pierbore at 268 francs.

THROUGHOUT the evening, the chef timidly enters the dining room in his clogs and spotless whites, awaiting each diner's opinion on his latest efforts. Later, come dessert time, he is back in his domain, and you hear the gentle rhythm of egg whites being beaten to stiff peaks, ready for his famed soufflé Grand Marnier.

So go, with a hunger for the fine classics of French gastronomy, and toast a chef who knows of what he cooks. Chez Gramond, 5 Rue de Fleurus, Paris 6; tel: 01-42-22-28-89. Closed Sunday. Credit card: Visa. A la carte, 280 francs (about \$45) a person without wine, including service; 350 to 400 francs with wine.

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THE CAR COLUMN

Land Rover Tries Its Hand, Again, at a Solid 4x4

By Gavin Green

GENERAL George S. Patton was an early convert to the benefits of off-road vehicles. He cited the Jeep as one of the keys to his World War II successes in Europe. Since then, four-wheel drive vehicles have racked up victories in the world's marketplaces. In America, sales of sports utility vehicles continue to boom. It's still the fastest growing sector of the market, and the bigger and better the vehicle, the better.

In Europe, where roads have improved a bit since Patton's day, and cars are judged more on the lengths of their hoods, the acceptance has been slower. But Europeans, too, ever more influenced by American culture, are starting to fall for the vehicles' charms.

Land Rover, the 4x4 wing of Britain's distinguished Rover company, has been a major beneficiary. Its top-line Range Rover has sold strongly around the world, despite an appalling reputation for reliability. Its lower-market offering, the Discovery, has also been a strong seller, despite its excellence at spending time in the garage for repairs.



The Discovery's reliability is so bad that the boss of BMW, Bernd Pischetsrieder, saw fit to publicly rebuke Land Rover a few years back. The first new Rover since BMW's takeover, the Freeland, is now on sale. Much of the design was done pre-BMW but, unsurprisingly, given Pischetsrieder's tough words, things appear to have improved.

There are still some signs of the engineering amateurism for which Rover was once renowned. On the three-door version — the sportier, more "lifestyle" model — the soft-

back roof is hopelessly difficult to use. (And oddly, Land Rover saw fit not to engineer the Freeland for the United States, the world's biggest 4x4 market.)

The Freeland is a handsome, chunky looking thing, even in the more conventional five-door "station wagon" guise that was tested. It has a sporty, substantial look about it, and is probably the classiest looking car in the small 4x4 class. Rivals include the Suzuki Vitara, the Toyota RAV-4 and the Honda CRV (which Honda developed when it had a com-

mercial interest in Rover and bears more than a passing similarity to the Freeland in many ways).

On the road, the Freeland is probably the most car-like 4x4 so far. You can fling it down winding roads almost with sports car abandon: its sharp steering is especially impressive. The ride, too, is good. None of its rivals offers quite the feedback and one or two larger 4x4s — most notably, its own big brother, the Discovery — feel positively ponderous alongside it.

WHERE'S THE BEEF?

But it needs a better engine. The test Freeland had the 2.0-liter turbodiesel unit, which will probably be the biggest seller. It is a slow, agricultural thing, miles behind the latest generation German and French diesel motors. It produces only 96bhp — feeble for a car that weighs more than 1,500 kilograms (3,300 pounds). Unsurprisingly, acceleration is leisurely. The engine is also very noisy. On a long run the Freeland chugs along respectably enough but the background din can be wearying. Go for the alternative 1.8-liter gasoline engine, even if the fuel bills will be worse.

The Freeland is surprisingly good on difficult country tracks, ultimately let down only by its relatively poor ground clearance and the lack of a low range of ratios in its four-wheel drive transmission. The cabin is far roomier than most rivals, and you lose nothing in comfort compared with better sedans. Headroom and rear legroom are especially generous, and you get the high and panoramic view beloved by the 4x4 brigade. It is a likeable, handsome vehicle, and is sure to sell well. The biggest question mark, given the reputation of its maker, is its reliability. On first acquaintance, it promises much more than the Range Rover or the Discovery and, sooner or later, of course, BMW will sort out Rover's problems. But if foolproof reliability is still a top priority, the sweeter-engined Honda CRV or Toyota RAV-4 are probably still better buys.

Land Rover Freeland 2.0 turbodiesel. About \$30,000. Four-cylinder direct-injection turbodiesel engine: 1998cc, 96bhp at 4200rpm. Five-speed manual transmission, four-wheel drive. Top speed: 150 kph (95 mph). Acceleration 0-100 kph in 15.8 seconds. Average fuel consumption 9.7 liters/100km.

Next: the Opel Astra

Gavin Green is the editor in chief of Car magazine.

MOVIE GUIDE



Gene Hackman appears as Jack Ames in "Twilight."

TWILIGHT

Directed by Robert Benton. U.S.

Aging stars, like old generals, may fade away, but they never lose their sparkle. Paul Newman, alas, comes mighty close in "Twilight," a creaky noir drowsily directed by Robert Benton. The mystery not only examines the privileges of celebrity and the big news that money corrupts, but also touches on prostate problems, impotence and sundry other tolls of time. Autumn can be a fair season, as Katharine Hepburn, Jessica Tandy, Hume Cronyn and many other veterans have so eloquently and often demonstrated. Then again, the clichéd and awkward screenplay by Benton and co-writer Richard Russo doesn't offer Newman much of an opportunity to shine. He's stuck in a rueful mode, filled with regret and world-weariness in the role of Harry Ross, a retired sleuth reduced to sponging off old friends and former screen legends Jack and Catherine Ames (Gene Hackman and Susan Sarandon). Though he has become part of the furniture, the Ameses' bratty daughter (Reese Witherspoon) delights in reminding him that he's not really a part of the family. To give the little stinker her due, she has noticed the mutual attraction between Harry and her glamorous mother. The plot finally lurches into gear when Harry, who runs errands for the couple in exchange for room, board and companionship, agrees to deliver a package for Jack. When he arrives at the seedy address, he is nearly killed by a bullet-riddled detective (Emmett Walsh) who finally croaks. When Harry discovers the dead man was investigating the disappearance of Catherine's first husband 20 years earlier, his old instincts stir and he is soon drawn down a familiar trail to murder, blackmail and betrayal. Along the way, he renews his relationship with his saucy former sweetheart (Stockard Channing) and a fellow former cop (James Garner). Channing is the liveliest, warmest, most entertaining performer in the bunch. Even Newman seems to light up when he shares a scene with her. (Rita Kempley, WP)

DANGEROUS BEAUTY

Directed by Marshall Herskovitz. U.S.

Long, long ago, near the end of the 16th century, "Dangerous Beauty" would have us believe, Venice was the world's undisputed capital of dull soft-core sex. In the rich golden light reflected off the city's canals, pneumatic courtiers transported directly from a jeans ad by way of "Masterpiece Theater" would spend their afternoons making goo-goo eyes at one another from passing gondolas. Nights were whiled away swooning photogenically in each other's arms without perspiring or making expressions that weren't shrewdly camera-ready. When not indulging their carnal appetites, these mythical beings would spend hours traipsing through the grounds of the Doge's palace improvising smutty verses that suggested a romance-novel variant of hard-core rap. The mistress of revels back then was Veronica Franco (Catherine McCormack), a copper-haired courtesan trained in the arts of seduction by her mother, Paola (Jacqueline Bisset), who shows her daughter how to dangle a spear of asparagus provocatively in front of her face at the dinner table.



McCormack and Bisset.

Veronica quickly ascends to become Venice's No. 1 sexual star. When the French king comes to visit and selects Veronica as his evening playmate, she becomes a national hero for satisfying his famously perverse tastes and gaining French military support against the Turks. Directed by Marshall Herskovitz from Jeannine Dominy's screenplay adaptation of Margaret Rosenthal's biography "The Honest Courtesan," "Dangerous Beauty" looks like several million dollars. But no amount of gorgeous costumes and painterly chiaroscuro can endow this terminally silly film with even a patina of class. McCormack, familiar from "Braveheart," is pleasant to look at. But when practicing an early lesson in feigning expressions that range from disdain to rapture, she barely moves her features. Among the film's many randy characters, burning desire is registered by an almost imperceptible widening of the eyes. But, oh, those eyes! The gaping stares cast by Rufus Sewell, who plays Veronica's longtime lover, Marco, are so blank and saucer-like they make Richard Lewis look squinty-eyed. (Stephen Holden, NYT)

SECRET DEFENSE

Directed by Jacques Rivette. France.

Sylvie (Sandrine Bonnaire) works in a research lab that has the hushed atmosphere of a church. She carefully pours rainbow-hued fluids into vials, on her way, we are told, to a cure for cancer. Jacques Rivette, the master who can turn a bad dream into a magical mystery tour, asks us to suspend disbelief from the opening. Bonnaire, who played Saint Joan in his previous "Jeanne la Pucelle," radiates a militant purity, and once again, she is off on a mission. Her brother Paul (Gregoire Colin) appears in the lab; he has a gun and is out to murder Walser (Jerzy Radziwilowicz), a business tycoon who presumably killed his father and took his place. A weak-kneed Hamlet, Paul is not up to the job. Sylvie confiscates the gun and interrupts her vital operations to stalk the tycoon and dig up family secrets that tower as big as state secrets. On her path is a pretty secretary-spy (Laure Marsac) who throws a monkey wrench into the works. As written by Rivette with Pascal Bonitzer and Emmanuelle Cuau, every twist and turn of this mystery spooks and annoys. When it comes to pay-off time the pickings are slim. "Secret Defense" feels like a late Hitchcock, with Bonnaire stamping around the family plot wearing an expression of anguish and with much panache, but to no avail. (Joan Dupont, IHT)

TORRENTE, EL BRAZO TONTO DE LA LEY

Directed by Santiago Segura. Spain.

After so many encouraging Spanish films in recent years, filled with vision and creativity, Santiago Segura's first movie stands out as a huge disaster. Its many problems include poor taste, mist overtones, bathroom humor and gratuitous violence. Segura should take full blame. Besides directing, he also wrote the script and was the lead actor. The plot has all the originality of cold leftovers. It borrows ideas freely from past filmmakers as Pedro Almodovar, but without coherence. Segura plays a hard-drinking, renegade Madrid police detective who fights the bad guys, here clandestinely operating a drug-trafficking ring from a Chinese restaurant. Segura wants us to view his openly fascist cop character simply as a spoof, but the film fails as a satirical comedy because most of the jokes are not funny. (Al Goodman, IHT)

Ekaterina Gordeeva & Rosalyn Sumners
(World Class Ice Skaters)Borge Ousland
(Norwegian Explorer, First Solo Antarctica)Deepak Chopra
(Holistic Healer, Author "Quantum Healing")Ken Follett
(Author "The Third Twin")Victor O'Reilly
(Author "The Devil's Footprint")Ehud Olmert
(Mayor of Jerusalem)Fay Weldon
(Novelist, Writer "The Life and Loves of a She-Devil")The Dalai Lama
(Spiritual Leader)Jackie Stewart
(Motor Racing Legend)Linford Christie
(British Track Medalist)Scott Adams
(Author, Cartoonist "The Dilbert Principle")General George Joulwan
(Former NATO Supreme Allied Commander)Dr. Mahathir Mohamad
(Malaysia's Prime Minister)Lloyd Axworthy
(Canadian Foreign Minister)Markus Wolf
(Former East Germany's "HVA" Foreign Intelligence Chief)Louis Farrakhan
(Leader, Nation of Islam)Daniel Tarschys
(Secretary General, Council of Europe)Nelson Mandela
(President of South Africa)Steve Fossett
(Balloon Endurance & Record Holder)Stephen Covey
(Author "7 Habits of Highly Effective People")Yanni
(Musician and Composer)Jeffery Archer
(Author, British Conservative MP)Hillary Rodham Clinton
(US First Lady)Soren Jessen-Petersen
(Director, UNHCR)Frank Bruno
(Former World Heavyweight Champion, British Boxer)Ehud Barak
(Israel's New Labour Party Leader)Cyril Ramaphosa
(Former Secretary General of the ANC)Kareem Abdul-Jabbar
(Basketball Hall of Famer)Vendela
(Supermodel)Norm Thagard
(Former MIR US Astronaut)Robin Cook
(British Foreign Secretary)Jacques Santer
(President, The European Commission)Liv Ullman
(Actress, Representative, International Rescue Committee)Andrew Morton
(Author "Diana: Her True Story")Catherine Bertini
(Executive Director, World Health Food Programme)Emma Bonino
(The EU Commissioner of Humanitarian Aid)Alberto Fujimori
(Peru's President)Terry George
(Film Director "The Mother's Son" on IRA)Rolf Ekeus
(UN Special Commissioner on Iraq)Kofi Annan
(United Nations Secretary General)Martin Lee
(Head of Democratic Party of Hong Kong)Salman Rushdie
(Author "The Satanic Verses")Max Mosley
(President, International Auto Racing Federation)Uri Geller
(Paranormalist)Maxim Vengerov
(Classical Violinist)Vijay Amritraj
(Indian Tennis Star)Inder Kumar Gujral
(India's Prime Minister)Mo Mowlam
(British Northern Ireland Secretary)Ismail Cem
(Turkish Foreign Minister)Alexander Downer
(Australia's Foreign Minister)Wim Wenders
(Film Director "The End of Violence," "Paris, Texas")Norman Augustine
(Chairman, Lockheed Martin, Author)Richard Butler
(Chief UN Weapons Inspector for Iraq)

THEY HAVE THE ANSWERS.
NOW WHAT'S THE QUESTION?

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http://europe.cnn.com/q&a

CNN
INTERNATIONAL

MOVIE GUIDE



POINT
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The
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MOVIE BEAUTY

MOVIE BEAUTY
The movie is very beautiful. The scenery is very beautiful. The costumes are very beautiful. The acting is very beautiful. The direction is very beautiful. The music is very beautiful. The editing is very beautiful. The production is very beautiful. The overall quality is very beautiful.

MOVIE DEFENSE

MOVIE DEFENSE
The movie is very good. The story is very good. The acting is very good. The direction is very good. The music is very good. The editing is very good. The production is very good. The overall quality is very good.

AUSTRIA

VIENNA
Kunsthistorisches Museum, tel: (1) 525-24-403, closed Mondays. Continuing To April 14: "Bruegel: Tadien und Fortschritt." Brings together 12 paintings by Pieter Bruegel the Elder and approximately 20 works on paper and 200 paintings by his son Pieter Bruegel the Younger. Tel: (1) 525-24-403, open daily. To Aug. 9: "Henry Moore." An exhibition of 85 sculptures and 40 drawings by the British sculptor (1898-1986), including the Reclining Figure, the mother and child groups, the Natural Forms, and the Seated Figures.

BELOIUM

BRUSSELS
Musée d'Art Ancien, tel: (2) 508-3211, closed Mondays. To June 28: "Rene Magritte." More than 200 paintings, gouaches, drawings and objects by the Belgian surrealist artist (1898-1967).

BRITAIN

EDINBURGH
Scottish National Portrait Gallery, tel: (131) 332-2268, open daily. To Aug. 2: "The Science of the Face." Brings together science and art with computer-manipulated graphics and reproductions of portraits by Leonardo da Vinci, Raphael, and Van Dyck.

LONDON
Hayward Gallery, tel: (171) 528-3144, open daily. Continuing To April 5: "Francis Bacon: The Human Body." Brings together paintings from 1945 to the mid-1980s and focuses on the human figure. Bacon's central subject. Royal Academy of Arts, tel: (171) 300-8000, open daily. To June 14: "The Art of Holy Russia: Icons from Moscow, 1400-1850." Icons and manuscripts, on loan from Russian museums, illustrate the rise of Moscow as a political and artistic center as it became free from Mongol rule to be governed by influential czars. The style and subjects reflect the emotions of Ivan the Great, Ivan the Terrible and Peter the Great. Tel: (171) 887-8000, open daily. Continuing To May 17: "Bonnard." Nearly 100 paintings by the French painter (1867-1947). His work includes landscapes, still lifes, interiors, the celebrated bathroom pictures and self-portraits.

DENMARK

HUMLEBAEK
Louisiana Museum of Modern Art, tel: 49-19-07-19, open daily. To May 10: "Sam Taylor-Wood." The British artist (born 1967) lets her personal experience and social commitments permeate works that combine moving pictures and still photography.

FRANCE

PARIS
Grand Palais, tel: 01-44-13-17-17, closed Tuesdays. To June 29: "L'Art au Temps des Rois Maudits: Philippe Le Bel et Ses Fils, 1285-1328." Documents artistic creativity in Paris and the provinces, during the final decades of the French royal house of the Capetians. Features illuminated manuscripts, religious sculptures, enamel work, stained glass and objects from daily life. Jardins de Bagatelle, tel: 01-45-01-20-10, open daily. To Aug. 2: "Les Laitons à Bagatelle." More than 150 bronze sculptures by the French couple are scattered throughout the gardens, and inside the Trianon and the Folie buildings.

Musée d'Art Moderne de la Ville de Paris, tel: 01-53-67-40-00, closed Mondays. Continuing To May 17: "Lumière du Monde: L'œuvre du Ciel." A survey of 20th-century art in Scandinavia, including the works of 20 young contemporary artists. **Opéra Bastille**, tel: 01-43-43-86-96, "Tchaikovsky's 'Eugene Onegin.'" Directed by Willy Docter, conducted by Gary Bertini with Thomas Hampson in the title role, and Susan Choi. March 21, 24, 26, 29, April 1 and 4. **Pavillon des Arts**, tel: 01-42-33-62-50, closed Mondays. To May 17: "Paris - Hanol." Saigon: L'Aventure de l'Art Moderne au Viet Nam. A survey of Vietnamese painting since 1925. The works reflect the history of the country from the years of French rule over Indochina until 1945, to the war years, and the past two decades when contemporary art was able to develop freely.

STRASBOURG
Palais Rohan, tel: 03-88-52-50-00, closed Tuesdays. To Dec. 31: "Un Reve d'Eternite: Antiquités Egyptiennes de la Collection G. Schumberger." An exploration of funerary rites and beliefs in Ancient Egypt. Features stone sculptures, small wooden statues, bronze diadems, jewelry and amulets.

GERMANY

BERLIN
Deutsche Guggenheim, tel: (30) 34-07-4134, open daily. To June 14: "The Swimmer in the Economy." (1987/1988). The monumental oil painting was commissioned for this exhibition space and is a visual metaphor for the subject. The subjects of the work, presented along with preliminary studies, are industry and consumption, and the wars that shaped our century.

Bonn
Oper der Stadt Bonn, tel: (228) 54-56-06. Shostakovich's "Lady Macbeth von Mzensk." Directed by Dietrich Fischer, conducted by Wolfgang Olt. With Jane Casselman as Katerina Ismailowa. March 24, 27, April 3, 10 and 16.

STUTTGART
Stadtmuseum, tel: (711) 212-0050, closed Mondays. Continuing To June 14: "Paul Gauguin: Tahiti." Gauguin spent the last 10 years of his life on Tahiti where he discovered how the strange and exotic clashed with the reality of colonialism.

ITALY

Firenze
Palazzo Medici Riccardi, tel: (55) 27-01, closed Wednesdays. To May 20: "Robert Capa: Photo-



Rosenquist, wearing a recreation of his 1966 paper suit, in front of his work for the Deutsche Guggenheim.

graphs." Approximately 200 black-and-white photographs by the photographer (1913-1984). Having been a war correspondent in the Spanish Civil War, the Sino-Japanese War and World War II, Capa was one of the founders of Magnum Photos with Cartier-Bresson in 1947. Capa died in Vietnam, during the French Indochina War.

MILAN
Teatro alla Scala, tel: (36-2) 860-787 (for callers outside Italy). Donzelli's "Linda di Chamounix." A coproduction with the Wiener Staatsoper, conducted by Roberto Abbado, with Edita Gruberova. Giuseppe Sabbatini/Marcos Alvarez, April 1, 3, 8, 11, 14, 15 and 17.

VENICE
Palazzo Grassi, tel: (41) 522-1375, open daily. Continuing To June 28: "Picasso, 1917-1924." The Italian Voyage. Works created by Picasso following his 1917 trip to Rome, where he worked on decor, stage curtains and costumes for the Ballets Russes.

JAPAN

TOKYO
Hera Museum, tel: (0279) 24-6585, closed Thursdays. To June 21: "Naturel Nature." The new awareness of the fragility of the Earth of the 1970s is reflected in the way nature is depicted in art. Features works by Richard Long, Hiroshi Nakamura and Robert Rauschenberg, among others. Metropolitan Art Museum, tel: (3) 3823-6921. Continuing To March 29: "Masterpieces of British Art

NETHERLANDS

AMSTERDAM
Van Gogh Museum, tel: (20) 570-5200, open daily. Continuing To April 5: "Utagawa Kuniyoshi, 1798-1861." Prints and Paintings. Prints of heroes and ghosts, and landscapes that experiment with Western influences.

SPAIN

MADRID
Museo Thyssen-Bornemisza, tel: (91) 420-38-44, closed Mondays. To May 31: "August Mecke, 1887-1914." Oil paintings and watercolors by the German Expressionist. A founder of the Blaue Reiter group, Mecke centered his attention on the expressive value of pure colors and their relation with musical values. He last luminous creations followed his visit to Tunis in 1914, that preceded his death on the front during World War I.

SWITZERLAND

LAUSANNE
Fondation de l'Hermitage, tel: (021) 320-50-71, closed Mondays. Continuing To June 1: "Poincisme: Sur les Traces de Seurat." More than 100 Pointillist paintings and drawings by more than 40 artists including Seurat, Signac, Jan Toorop and Picabia.

MARTINIQUE

Fondation Pierre Gienade, tel: (26) 22-39-78, open daily. Con-

Metropolitan Opera, tel: (212) 362-6000. Verdi's "Ballo in Maschera." Production of Gianfranco del Monaco, conducted by James Levine, with Placido Domingo in the title role. March 23, 27, 31, April 4 and 7.

PHILADELPHIA
Museum of Art, tel: (215) 684-7860, closed Mondays. To May 17: "Self-Taught Artists of the 20th Century: An American Anthology." A range of paintings, sculptures, drawings and installations by 31 self-taught artists, including Horace Pippin, Morris Hirschfeld and Grandma Moses. The exhibition will travel to Atlanta.

WASHINGTON
Hirshhorn Museum and Sculpture Garden, tel: (202) 357-2700, open daily. To June 21: "Dislocations." Work in black glass, bronze and other materials by the American artist (born 1954) that evokes a nocturnal environment of birds, stars and other elements of the natural world. National Portrait Gallery, tel: (202) 357-2700, open daily. To Aug. 2: "Faces of Time: Seventy Five Years of Time Magazine Cover Portraits." 75 pieces of original art commissioned by Time Magazine for its cover, beginning with the first Man of the Year, Charles Lindbergh, published in January 1928. Features paintings, sculpture, works on paper and photographs of world leaders, artists and writers by such artists as Andrew Wyeth, Roy Lichtenstein, Rauschenberg and Al Hirschfeld.

CLOSING SOON

March 22: "Gianni Versace." Metropolitan Museum of Art, New York. March 22: "Dorothea Lange." Hotel de Sully, Paris. March 22: "Angkor Wat: A Millennium of Khmer Art." Osaka Municipal Museum of Art, Osaka, Japan. March 22: "Andy Warhol: After the Party." Irish Museum of Modern Art, Dublin. March 25: "Rembrandt: Druckgraphik." Wallraf-Richartz-Museum, Cologne. March 26: "Das Zeitalter der Enttarnung: Ein Trauerspiel von Liebe und Tod." Works by the British Symbolists. Haus der Kunst, Munich.

RECORDINGS



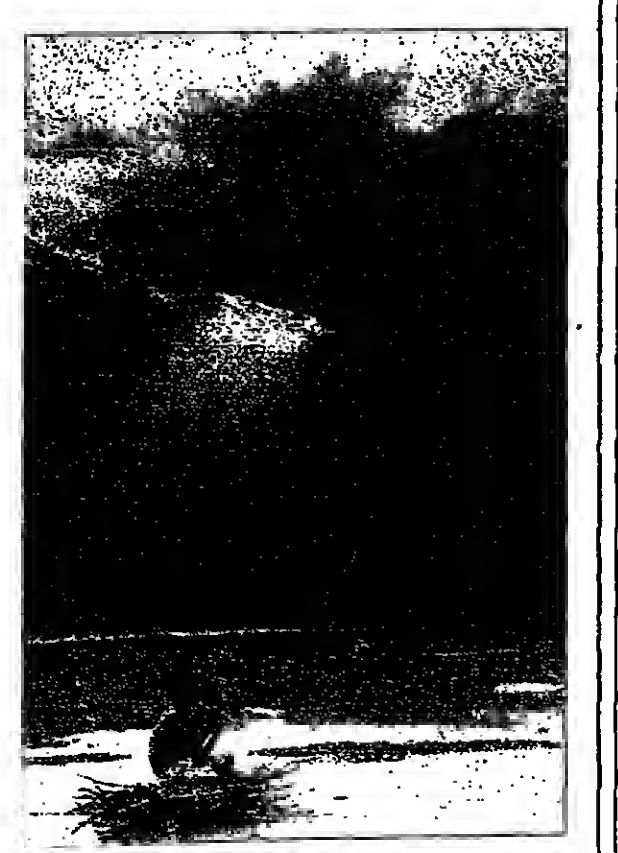
A first-rate album based on Clint Eastwood's new film.

• **"MIDNIGHT IN THE GARDEN OF GOOD AND EVIL"** (Malpas): This is billed as music "from and inspired by" Clint Eastwood's latest motion picture of the same name. The credits do not say whether the director sings "Ac-cent-tchu-e the Positive" voice-off or voice-on or indeed at all in the movie. Unfortunately, from his performance here, on record his voice is off. Never mind, he owns the record company. Nevertheless, subtitled "A Johnny Mercer Songbook," this is by and large a first-rate soundtrack. Principally a lyricist, Mercer was among the best of them. He was born in Savannah, Georgia, where the story takes place. The performers include k.d. lang ("Skylark"), Diana Krall ("Midnight Sun"), Rosemary Clooney ("Fools Rush In"), and Kevin Mahogany with Michael Brecker ("Fools Rush In"). The house pianist is the discrete, tasteful Brad Mehldau ("Dream").

• **"TRAV'LIN' LIGHT"** The Johnny Mercer Songbook (Verve): We seem to be in a Mercer revival. This compilation is good news for anybody with a craving for sensitive interpretations of literate popular music. "I'm Old Fashioned" (Margaret Whiting); "Midnight Sun" (Elle Fitzgerald); "A Kiss From You" (Billy Eckstine); "Too Marvelous for Words" (Oscar Peterson, singing to a Nat King Cole); "Once Upon a Summertime" (Astrud Gilberto with Gil Evans), and the title song by Billie Holiday. Sixteen great tracks, most of them produced by Norman Granz, including Jack Teagarden riding "On the Aitchison, Topeka and the Santa Fe." • **BRAD MEHLDAU** "The Art of the Trio, Volume Two" (WB): The superb Mehldau, here live at the Village Vanguard, is subjective and sophisticated and he has been getting better and better known quickly. He's a master with a good brain that directs all 10 fingers just where they ought to go without redundancy or showing off. With his interpretations of songs like "Young and Foolish" and "Moon River," another Mercer lyric, Mehldau is in a class by himself.

Mike Zwerin/IHT

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International Education in Benelux

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BENELUX SCHOOLS ON-LINE

Interactive computer networks are part of the learning environment.

For some leading international schools, the standard tools of the trade are becoming scarce commodities. The chalkboard, the textbook, the photocopier and even the library pass may go the way of the mimeograph machine as the classroom, the computer lab and the library gradually become one. International middle and high schools have made way for the "Webby" learning environments. These are networks within schools within networks of schools.

"Historically, there's been a separation between the classroom and the computer lab, and the only expert computer users were the IT people," says Joanne Rich, admissions officer and site manager at the International School of Amsterdam (ISA). The separation has long been breached at this school. At ISA, they have brought computers into the classroom and the classroom into the computer. Soon nearly every class will have its own Web space, accessible from any other classroom or computer lab. On the class Web space, the teaching units and readings are available on-line. And all the teachers, who maintain the sites, are becoming IT people. When applying for a teaching job, "they should come with computer skills," Ms. Rich says.

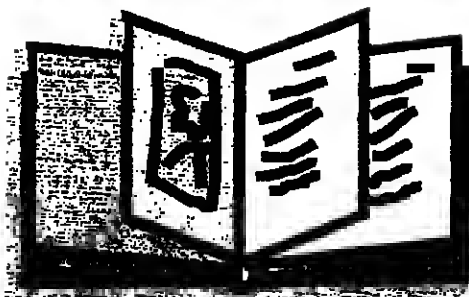
Worldwide networks

Ubiquitous computing furnishes students with new skills, and networking also has an appreciable impact on their work. Since their papers are "published" on Web sites, where many of the sources also are available, students are more careful in their research. The outcome is less regurgitated and more multi-sourced. Early on, "they're learning to deal with the information flood," says Ms. Rich.

For international school students, the flood will not recede anytime soon, as more connections are on the way. The pioneering Amsterdam school is no longer alone on the Web. The creation of learning spaces on the Web is part of a larger field project, where the goal is to interlink all international

schools worldwide. Inter- and intra-networking will eventually enable every international school teacher and student to access each other's work, making international collaborative projects possible.

Answering the criticism that such globalization may produce uniformity, Tristian Stobie, head of the secondary school at the ISA and a local coordinator of the international schools association pilot project, says, "We're not flattening but celebrating difference. Technology is making the dream of international education come true. He likens the virtual international school to the United Nations School in New York, adding, "It creates the need for tolerance, which is more than a slogan."



With all the global computing and international scholarship under way, the question arises as to whether the computer would become the only medium of meaning on campus. Joanne Rich is reassuring: "We're still making projects out of toothpicks. The computer is only a tool. They are still using crayons as well as the mouse."

The International School of Brussels, similar in orientation to the ISA, has taken a different approach to the Internet. The fruits of computer studies classes can be viewed in a slick Web-based edition of The Crusader, the school newspaper.

Web Sites:
www.isa.nl (International School of Amsterdam)
www.isb.be (International School of Brussels)
www.ecis.org (European Council of International Schools)
www.ibo.org (International Baccalaureate Organization)

COMPANY-TAILORED PROGRAMS

Business schools are teaming up with companies to provide targeted training.

The fastest-growing product business schools are offering these days is not the MBA or the old boy network, but the in-company management program. As businesses accept the notion of life-long learning for life-long employment, companies that do not have their own schools are looking to business schools to provide the learning end.

In the Benelux region, the largest companies, particularly those in transition, pay a visit to one of the two major players. Nijerode or the Rotterdam School of Management. Both schools have long lists of high-end clients who have paid substantial sums to leave the office and learn about their own foibles.

In its instruction, Nijerode tries to get to core of company matters: power. To do so, they play games. Taking a page out of Robert Quinn's "Deep Change," they confront individual employees with the suboptimal outcome of the petty winner-takes-all mentality. In Powerlab, a true-to-life role-play-

ing exercise, employees are split into top, middle and lower management positions. As at a medieval carnival, each person tends to exhibit the archetypal behavior most dreaded in real life the rest of year.

"They can't believe how they're behaving," says Koen Hazewinkel, the associate dean of executive programs at Nijerode. He points out that more than personal sensitivity is involved. "To make a career nowadays a manager has to have cultural sensitivity, not just cognitive skills," he says. In business, "there is a heightened interest in context-specific competencies."

At the in-company programs, cognitive skill transfer (once called "lecturing") has been replaced by situation simulation, or case-based role-playing. The career-minded managers learn best practice by first experiencing its converse. And it seems to be doing the trick. KLM, IBM, Oracle, ABN-AMRO, Solvay, Digital, Nedlloyd and a host of others

have sent employees to the campus just outside of Amsterdam.

Across the Randstad, the Rotterdam School of Management prefers reality over simulation. In addition to conventional course work, the Rotterdamers engage in action learning centering on actual company problems.

"The complex problem of the client is central to the course," says Han van Dissel, associate dean of the Erasmus Executive Development Program. A recent client was a small Caribbean state that is endeavoring to make tourism its main source of income.

Rotterdam leverages its wide-ranging network of schools, including the London School of Economics and Bocconi, to offer multinationals in multiple cities one course at one time. The upper management of IBM Europe followed one of these harmonized programs.

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HOTEL SCHOOLS
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Hospitality training is Dutch treat.

These days the "whispering corridors" of The Hague, once an allusion to the understated influence of its power brokers, may just as well refer to the subtle rise of its hospitality training. The hotel and restaurant industry has quietly taken notice of the quality of its hotel school graduates.

"The Dutch have made a solid name for themselves. The hotel school graduates know their languages and their economics," says Hans van der Steenhoven, the director of Haagland Hotel School, referring to the qualified middle managers the school regularly turns out.

Head of the class

At the top of its category in the Netherlands, Haagland is also the only vocational training school in the country with an international component as well as a world-wide student and teacher exchange program. The school's graduates are in demand "from England to Slovenia," Mr. van der Steenhoven says.

Once students are grounded in the business basics, they may attend the ad-

vanced Hotel School of The Hague, where not just hospitality, but also "dream management" is taught in the Bachelor of Hotel Administration degree program.

Ranked among the Corneils and Lausannes by the World Tourism Organization, the Hotel School of The Hague is steeped in a francophile tradition. The school operates its own enterprises: a hotel, Le Debut restaurant and the High Five Health Club. Students can mingle at Le Conférie.

The Hotel School of The Hague also provides tailor-made, in-company training and consulting services for the international hospitality industry.
Web sites:
www.hospitality.nl/hotels
haagland (Haagland Hotel School)
www.hdh.nl (Hotel School of The Hague)

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reader response
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Adidas Is I
a U.S. Turnaround

By John Tagliabue
New York Times Service

MUNICH — When Robert Louis was tapped five years ago to lead Adidas AG, he was taking over a franchise in the global sports

league. For many years, Adidas was known in many parts of the world as a maker of athletic apparel. It was more example of a family company that stumbled when the family died out. Adidas had been beaten by such agile new

companies as Nike and Reebok. When Mr. Louis-Dreyfus took over in 1993, the company had lost an \$8 million profit margin. Business in the huge market, where Adidas had a strong presence, had all but dried up.

Now Adidas is making a comeback. It is now a public company, and its stock price has risen sharply. Adidas closed out 1997 with a profit of \$255 million, up from \$200 million the year before, on revenue of \$1.1 billion. In the process, it overtook the U.S. as the No. 3 athletic shoe maker in the United States and has overtaken Reebok for the

title. Mr. Louis-Dreyfus even won a \$1.4 billion last year to acquire the French sports giant known for its Made golf clubs and

other sports goods. Adidas Salomon, the world's second-largest sports goods group, behind Nike itself, which has

struggled with bloated debt and faltering demand not only in the United States but also in Asia.

"We're going in the right direction now," Mr. Louis-Dreyfus said in an interview. A not far from Adidas' headquarters in the German town of Herzogenaurach, the reversal of fortune is particularly striking.

On Wednesday, Nike was disappointing its investors. Adidas had closed at a record

of \$140. Adidas' stock price had risen sharply. Adidas closed out 1997 with a profit of \$255 million, up from \$200 million the year before, on revenue of \$1.1 billion. In the process, it overtook the U.S. as the No. 3 athletic shoe maker in the United States and has overtaken Reebok for the

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Adidas Is Dropping the Other Shoes

In a U.S. Turnaround, It Overtakes Fila and Moves Up on Reebok

By John Tagliabue
New York Times Service

MUNICH — When Robert Louis-Dreyfus was tapped five years ago to run Adidas AG, he was taking over the weakest franchise in the global sporting goods league.

For many years, Adidas was synonymous in many parts of the world with sneakers and athletic apparel. But as one more example of a family-run company that stumbled when the founding family died out, Adidas had been badly beaten by such agile new competitors as Nike and Reebok.

When Mr. Louis-Dreyfus took over in early 1993, the company had just reported an \$82 million loss for 1992 after making an \$8 million profit the year earlier. Business in the huge American market, where Adidas established its three-striped brand as a trendy item a decade earlier, had all but dried up.

But that was before Mr. Louis-Dreyfus, a skilled turnaround artist, began his makeover. Now Adidas is sprinting back into contention even as Nike, the industry Goliath, is stumbling.

Adidas closed out 1997 with record net income of \$255 million, 48 percent more than the year before, on revenue of \$3.6 billion. In the process, it overtook Fila USA as the No. 3 athletic shoe supplier in the United States and has set its sights on passing Reebok for the No. 2 slot. Mr. Louis-Dreyfus even plunked down \$1.4 billion last September to acquire Salomon SA, the French sporting goods giant known for Taylor Made golf clubs and Salomon skis.

Adidas-Salomon, as the merged company is called, is the world's second-largest sporting goods group, behind only Nike itself, which has been struggling with bloated inventory and faltering demand not only in the United States but also in Asia.

"We're going in the right direction now," Mr. Louis-Dreyfus said in an interview here, not far from Adidas headquarters in the German town of Herzogenaurach.

The reversal of fortunes was particularly striking this week.

On Wednesday, Nike announced disappointing third-quarter earnings. Adidas stock had closed at a record

high on Tuesday of 319 Deutsche marks (\$175); it closed Thursday at 314.80 DM.

Mr. Louis-Dreyfus has turned things around in several ways. He poured large amounts of money into establishing a cooler image for Adidas with young people tired of Nike's in-your-face style. To challenge Nike's design flamboyance, Adidas took a contrary stance with its "feet you wear" concept, contending that built-up sneakers can be unstable.

And while holding on to its strength in soccer, Adidas gained ground in more popular sports in the United States by signing up such big-name athletes as Kobe Bryant of basketball's Los Angeles Lakers and Keyshawn Johnson of football's New York Jets in sponsorship deals.

Nike, which is planning a counter-attack on Adidas's home turf, says it is not too worried. Stefano Caroi, who took over last year as Nike's general manager for central Europe, accuses Adidas of building its recent success by using Nike's winning formulas.

"They're copying us, from our ads to our products," he said. "You put a swoosh at the end of their commercials, they're ours."

True, the 51-year-old Mr. Louis-Dreyfus still has a long way to go just to catch Nike's shadow. Nike may have its problems, but it continues to control 47 percent of American sneaker sales,

compared with 15 percent for Reebok and just 6 percent for Adidas.

Yet what Mr. Louis-Dreyfus has already accomplished has won him high marks on both sides of the Atlantic. "It is a great company and Robert is a fabulous manager," said Faye Landes, senior footwear analyst at Salomon Smith Barney in New York. (The securities firm has no connection with Salomon SA.)

Investors clearly agree. After Mr. Louis-Dreyfus took Adidas public in 1996, selling 40 percent of its equity on the Frankfurt exchange, the initial price was 68 DM, a fraction of what it trades for now.

Once he assimilates the Salomon purchase, Mr. Louis-Dreyfus plans to sell Adidas shares directly on Wall Street or as American depositary receipts, perhaps as early as next year.

Mr. Louis-Dreyfus is a total break in style as well as substance for Adidas. A Frenchman in a company with deep German roots, he lives in Switzerland and has assembled an international team to run Adidas, including Christian Tourres, a French executive often described as his alter ego, and an Australian banker, Dean Hawkins, whom he made chief financial officer. "Diversity brings creativity," he said.

Fast talking and cigar smoking, he is an avid skier and soccer fan who once personally bought a French team, Olympique Marseille, to keep it from falling into Nike's hands; at work, he eschews collars and ties for sweatshirts and jeans. A graduate of the Harvard Business School, he is equally comfortable in English and his native French.

In 1993, a group of French banks and insurance companies was saddled with Adidas, which the maverick French financier and politician, Bernard Tapie, had acquired in 1990.

Although Adidas, whose founder, Adolf Dassler, is generally considered the father of athletic footwear, had been making athletic shoes as early as the 1920s, it was on the ropes.

Mr. Dassler's son and heir, Horst, died in 1989 at 51, and the family had sold out to Mr. Tapie. Management was disoriented, and Nike and Reebok

Nike Earnings Drop

Compiled by Our Staff From Dispatches

BEAVERTON, Oregon — The swoosh worn around the world is wearing thin.

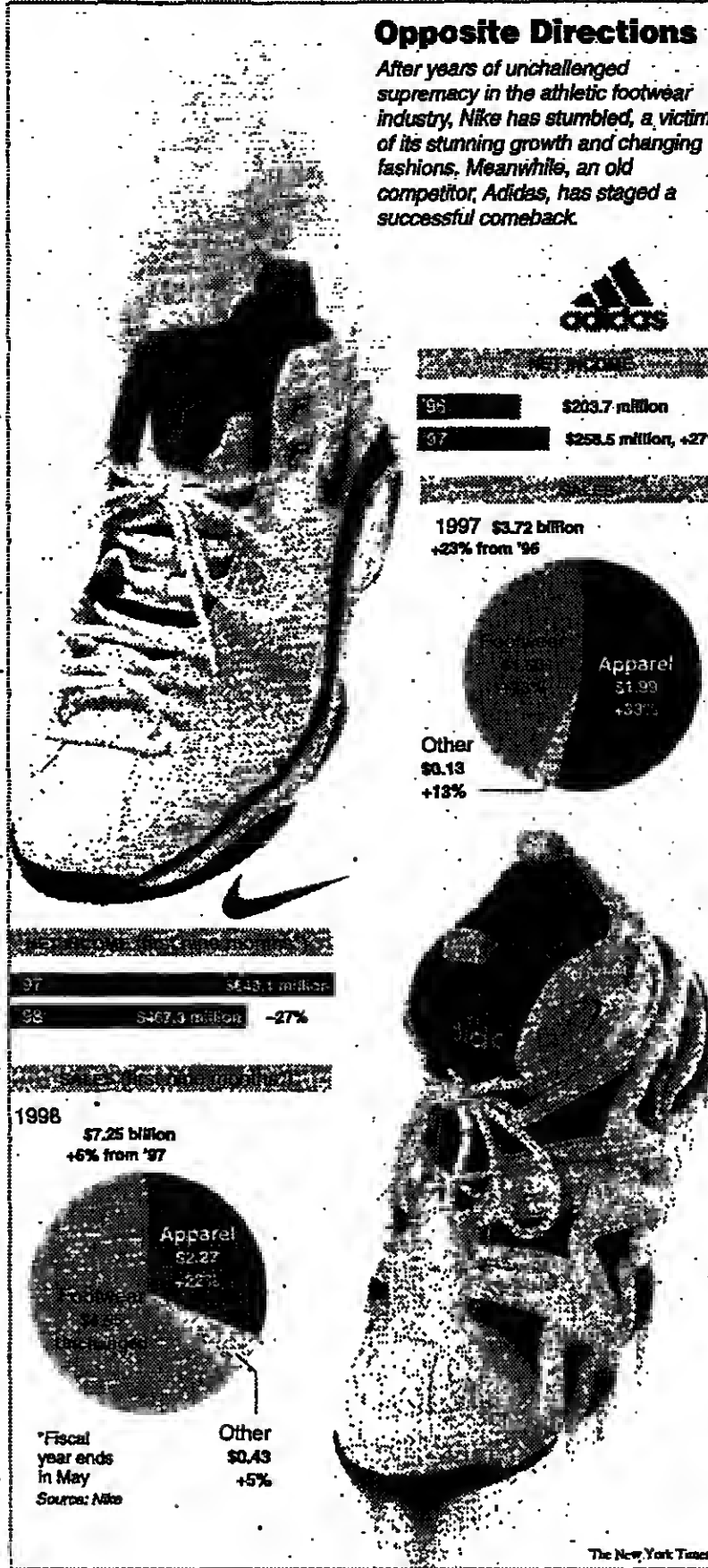
Nike Inc.'s earnings fell 69 percent in the third financial quarter, and the company plans a fourth-quarter charge of \$125 million to \$175 million to fire 1,600 workers, or 6.8 percent of its staff.

Earnings fell to \$73.1 million from \$237.1 million in the year-earlier period. Revenue fell 8 percent to \$2.22 billion from \$2.42 billion in the year-earlier period.

Nike warned in February that earnings would fall and that it planned an unspecified charge because of declining orders from Asian retailers and markdowns on shoes in the United States. Nike, which has warned about slowing revenue since September, said its goal is for sales in fiscal 1999 to equal those in fiscal 1998.

Nike Class B shares closed down \$2.3125 in New York on Thursday at \$43.8125. The company announced earnings Wednesday evening after the close of New York Stock Exchange trading. (NYT, Bloomberg)

See ADIDAS, Page 19



Berlusconi Weighs Sale To Murdoch

Italian May Offer Shares In His Television Group

Compiled by Our Staff From Dispatches

MILAN — The head of News Corp., Rupert Murdoch, has met Silvio Berlusconi here and the two media giants are in the closing stages of negotiations over a sale of shares in the Italian television group Mediaset SpA.

Sources at Mediaset confirmed Thursday that Mr. Murdoch and Mr. Berlusconi had already had discussions and planned to hold further meetings. "A deal is probably coming very soon, but I can't give any details," an executive close to the negotiations said.

Mr. Berlusconi, a former prime minister and leader of Italy's center-right opposition, controls Fininvest, which owns 50.6 percent of Mediaset. He had consistently denied that he would sell Mediaset to News Corp., but the sale of all or part of his holding in Fininvest is now considered imminent.

If Mr. Berlusconi were to sell a significant stake in his commercial television empire to Mr. Murdoch, that could provide an effective response to critics who for years have alleged that he has a conflict of interest because of his dual role in politics and the media.

Mediaset controls three private national television channels: Canal 5, Italia 1 and Rete 4. The operating concessions on all three expire in April. Fininvest expects that the licenses will be extended, but the government could impose some conditions on Mediaset.

The latest available figures indicate that Mediaset had sales in the first quarter of last year of 1.78 trillion lire (\$1 billion), which was 7.4 percent more than the figure for the first quarter of 1996, and had increased pretax profit by 17.7 percent to 585 billion lire.

Mr. Murdoch might acquire all of Mediaset, but such a deal would be "extremely expensive," and the price might amount to \$8.5 billion, the newspaper Corriere della Sera suggested.

The cost to Mr. Murdoch of buying 25 percent of Mediaset, on the basis of the price of Mediaset shares on the stock market here of nearly 13,000 lire (\$7.40) would be about \$1.7 billion.

Mediaset shares fell 140 lire to 12,340 Thursday after surging in recent days on speculation of a News Corp. deal. (AP, AFP, Bloomberg, IHT)

Q & A / Steve Hanke

Voice of Suharto's Guru

Steve Hanke, a professor of economics at Johns Hopkins University in Baltimore, serves as a special counselor to President Suharto of Indonesia. In the past, Mr. Hanke has advised the governments of Argentina, Estonia, Lithuania, Yugoslavia and Bulgaria on currency reform, particularly on the functioning of currency boards in lieu of central banks. A project Indonesia is now considering, Mr. Hanke was interviewed in Baltimore by Stephens Broening for the International Herald-Tribune.

Q. What has been your role as an adviser to President Suharto?

A. When the president first invited me to come to Indonesia in early February and appointed me as his special counselor, he gave me a diagnosis of the situation as he saw it. The rupiah had lost about 80 percent of its value in eight months. He said this meant that the private sector of the economy was bankrupt, because they have a lot of external debt, and to pay this debt they have to have more and more rupiah if the rupiah is depreciating in value.

The second point was that he anticipated a lot of inflation coming into the economy because of the devalued currency, and the combination of a bankrupt private sector with a lot of people thrown out of work, with no income and rising prices, particularly food prices,

was going to be a deadly cocktail where you're going to end up literally with blood on the streets, boat people, you name it. Social chaos, in short.

Q. Was a currency board one of the recommendations you made?

A. A currency board was one of the initial recommendations. During the initial meeting we concluded that a currency board was the only way to go. But then when I started doing a thorough evaluation, we came to the conclusion that we wanted to keep the IMF in the picture, so we'd keep all the IMF program, and would add other components that would make the IMF program work.

By itself, the IMF program had been a complete failure. The Indonesians put the IMF program in, they started actually floating the rupiah on Aug. 14 of last year, and the currency started to collapse and went into free-fall. Then, on Jan. 15, there was an amended IMF program that was put in and in the first week afterward the rupiah lost another 40 percent of its value. So the president concluded that the IMF program alone was not going to work.

So we wondered: Is there anything we can do to keep the IMF program in the picture and add to it to make it work?

What I came up with was the following. We call it IMF-plus. It includes all the old IMF program, and in addition the currency board, where you would fix the rupiah's exchange rate to the U.S.



Steve Hanke: Currency board fix.

dollar, you would back the rupiah 100 percent by U.S. dollar reserves and you would have free convertibility between the rupiah and the U.S. dollar.

And then the second add-on would be a recapitalization and restructuring of the banking system where we would extend the currency board principle even into the commercial banking system by requiring that all checking deposits, all demand deposits, be covered 100 percent with U.S. dollar reserves.

The third component is a rescheduling of debt, because this flood of debt, of

See HANKE, Page 19

Starring at Cebit: the Humble Phone

By Victoria Shannon
International Herald Tribune

HANNOVER — Cebit may be the world's largest annual display of computer gadgetry, but advances in the telephone are the source of much of the trade show's wizardry this year.

The big question, as ever at such feasts of future technology, is how many of them will be real by the time next year's Cebit rolls around.

On display or in development are high-speed videophones (Siemens and Philips Semiconductors), portable answering machines (Motorola), cell phones with so-called smart cards (Gsm-Plus), Internet phones (Alcatel and Philips), consumer satellite phones (Msc Europe) and phones that are computers (Nokia), personal organizers (Alcatel) or watches (Swatch).

Patrick Liot, for one, insists it's not all "vaporware." The techie enthusiasm for promised products that never make it to market.

Mr. Liot, president of Alcatel Alsthom SA's professional and consumer division, based in Paris, believes the combination of Europe's digital cellular network, called GSM, and the telecommunications deregulation that has been under way since Jan. 1 make for a ripe market for many products.



Motorola's Iridium, the first hand-held satellite phone.

"The telephone is the third medium," Mr. Liot said in an interview at Cebit on Thursday. "After the TV and the PC, the phone is coming into its own."

His company's Internet screen phone, produced under a partnership with Sharp Electronics Corp., is in prototype now and due for retail sale by the end of the year. It faces competition from a raft of big names like Philips Electronics NV, Samsung Electronics Co. and Northern

Telecom Ltd., or Nortel.

Much sooner, Alcatel is releasing next month its One Touch Com, a GSM cell phone with address book, appointment calendar, e-mail connection and link to a personal computer. A slim, lightweight machine, it employs a stylus for its on-screen keyboard and keypad. It will cost about \$600.

Nokia Oy, based in Finland, used the timing of Cebit to upgrade its own multi-purpose phone computer. The 9110 Communicator has its own mini-keyboard and can browse the Internet. The updated model, with more memory and other enhancements, is expected to be available in the third quarter of the year. Another competitor, Samsung Telecommunications, plans to release a phone-PC in a few months that uses an abridged version of the Windows operating system, Windows CE.

Of course, a lot of phone use today is for moving data, not making conversation. Jozef Cornu, president of Alcatel, forecast that by 2001, the amount of data moving over phone lines would exceed the amount of voice conversations. By 2000, he added, mobile-phone traffic would outpace fixed-line.

Internet traffic alone is growing at the pace of 10 percent a month — faster, in some countries — with the total number of users doubling each year, he said.

CURRENCY & INTEREST RATES

Cross Rates										March 19										Libor-Labor Rates										March 19									
	\$	£	DM	FF	Yen	Sc	DK	Sw	Nor		\$	£	DM	FF	Yen	Sc	DK	Sw	Nor		\$	£	DM	FF	Yen	Sc	DK	Sw	Nor										
American	1.00	0.65	1.93	166.6	107.6	6.56	8.00	13.76	13.76	1-month	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	1-month	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75										
British	1.55	1.00	2.93	253.3	163.3	10.33	12.50	21.48	21.48	3-month	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	3-month	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75										
French	6.55	6.55	1.00	166.6	107.6	6.56	8.00	13.76	13.76	6-month	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	6-month	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75										
German	0.52	0.34	0.34	1.00	0.63	0.48	0.59	1.00	1.00	9-month	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	9-month	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75										
Japanese	150.6	100.0	253.3	163.3	1.00	0.63	0.48	0.59	0.59	1-year	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	1-year	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75										
Swedish	13.76	13.76	1.00	0.59	0.48	1.00	1.00	1.00	1.00	Source: Reuters, Lyons, Bde.										Source: Reuters, Lyons, Bde.																			
Swiss	1.36	0.87	1.36	0.59	0.48	1.36	1.00	1.00	1.00	Notes: Applicable to interbank deposits of \$1 million minimum (or equivalent).										Notes: Applicable to interbank deposits of \$1 million minimum (or equivalent).																			
Other Dollar Values																																							
Australian	1.36	0.87	1.36	0.59	0.48	1.36	1.00	1.00	1.00																														
Canadian	1.36	0.87	1.36	0.59	0.48	1.36	1.00	1.00	1.00																														
Chinese	8.27	5.31	8.27	0.59	0.48	8.27	1.00	1.00	1.00																														
European	1.36	0.87	1.36	0.59	0.48	1.36	1.00	1.00	1.00																														
Forward Rates																																							
Period	30-day	60-day	90-day	180-day	360-day	1-year	2-year	3-year	5-year																														
Forward	1.4632	1.4625	1.4628	1.4630	1.4632	1.4634	1.4636	1.4638	1.4640																														
Forward	1.4145	1.4135	1.4125	1.4115	1.4105	1.4095	1.4085	1.4075	1.4065																														

Reno Warning To Lockheed

Compiled by Our Staff From Dispatches

WASHINGTON — Lockheed Martin Corp. and Northrop Grumman Corp. have been given several more days to answer the government's objections to their combination or will face a federal lawsuit to block it, Attorney General Janet Reno said Thursday.

"We have given everybody concerned some more time to try to address the issues," Ms. Reno said. "And I expect that this will happen within the next several days."

Lockheed said it was prepared to fight the government in court to complete its proposed \$12 billion acquisition of Northrop Grumman. (AP, Bloomberg)

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INGERSOLL-RAND COMPANY (CORP.)

The undersigned announces that as from 27 March 1998 at K&S Associates N.V., Spilstraat 172, Amsterdam, div. no. 181 of the CORP. Ingersoll-Rand Company each rep. 5 shares will be payable with NLG 121 net (div. per share NLG 2.42, gross \$ 0.15 psh.) after deduction of 15% US tax - \$ 0.1125 - NLG 0.22 per COR. Div. cap. belonging to non-resident The Netherlands will be paid after deduction of an additional 15% US tax - \$ 0.1125 - NLG 0.22 with NLG 0.99 net.

AMSTERDAM DEPOSITARY COMPANY N.V.

Amsterdam, March 16, 1998

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INTERMARKET FUND

SICAF 69, route d'Esch, L-1470 LUXEMBOURG

Notice is hereby given that the Extraordinary General Meeting of shareholders shall be held at the registered office on March 31, 1998 at 3:00 p.m. for the purpose of considering the following agenda:

- To hear the report of the auditor to the Liquidation appointed at the previous Meeting.
- To give discharge to the Liquidator, Auditors to the Liquidation and directors who had been in place.
- To decide to close the Liquidation and distribute the remaining net assets in cash.
- To decide to keep the records of INTERMARKET FUND for a term of five years at the office of Banque Internationale à Luxembourg S.A.

Shareholders are advised that at this Meeting, no quorum is required and the decision will be passed by a simple majority of the shares represented at the meeting.

In order to attend the meeting of INTERMARKET FUND, the owners of bearer shares will have to deposit their shares five clear days before the Meeting at the registered office of the Company.

THE BOARD OF DIRECTORS.

Handwritten signature in Arabic script.

THE AMERICAS

Inflation Figures Push Stocks to a Record

The case is being followed by tobacco company shareholders, executives and others for its possible effect on a proposed \$368.5 billion

U.S. STOCKS

national settlement of health litigation.

"Predicting jury outcomes is a perilous task to do," said Marc Cohen of Goldman, Sachs.

Shares in Sunbeam plunged after the maker of home appliances said first-quarter sales may fall below analysts' estimates.

Telephone companies gained after the finance director of British

Telecommunications, Robert Brace, said the company wanted to find a partner to enter the U.S. phone market.

Although he said BT was not interested in buying one of the regional telephone companies known as the Baby Bells, their stocks rose.

Oil companies extended their gains amid a rebound in crude prices. Crude rose amid speculation that a meeting of the Organization of Petroleum Exporting Countries later this month could result in cutbacks in supply from the group.

Stock in Motorola rose after the company agreed to pay \$90 million to increase its stake in network software developer NetSpeak Corp.,

which makes equipment that allows simultaneous voice, video and data transmission over computers.

Rockwell International shares fell sharply after the maker of semiconductor used in computer modems warned that price cuts would result in disappointing earnings.

Shares in Cablevision jumped, reports that the cable-TV company, which also owns the New York Knicks basketball team and the New York Rangers ice hockey team, had entered into talks with George Steinbrenner about buying the New York Yankees. Mr. Steinbrenner said he was not "talking to anybody about selling."

(AP, Bloomberg)

Consumer Prices Rise Just 0.1%

Compiled by Our Staff From Dispatches

WASHINGTON — Plummeting energy prices held U.S. consumer inflation to a tiny 0.1 percent in February, the government said Thursday, and a report on jobless claims indicated the labor market was still expanding at steady pace.

The barely noticeable February advance in the Consumer Price Index followed no change in January, the first month in four years without an increase, the Labor Department said.

After sinking in 1997 to 1.7 percent, the lowest rate since the fall in oil prices in 1986, inflation is running at an annual rate of 0.4 percent so far this year.

The Labor Department said energy prices fell 2.2 percent in February after a 2.4 percent decline in January, the steepest in seven years. The price

of gasoline dropped 3.4 percent at the pump last month and has fallen 10.8 percent in the last five months.

Fuel oil, natural gas and electricity prices all fell steeply, too. Economists attribute the declines to reduced demand from financially troubled Asian countries, unusually mild weather and the OPEC countries' decision to maintain production.

"For consumers, it's much like getting a tax cut," said Mark Zandi, an economist with Regional Financial Associates in West Chester, Pennsylvania.

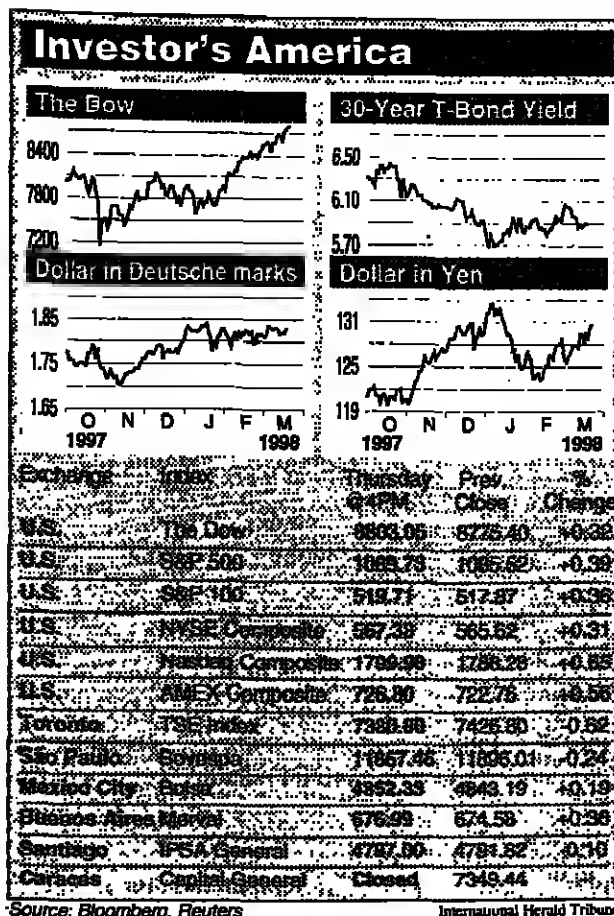
Price increases outside of the volatile food and energy components have accelerated a bit this year. Those prices rose 0.3 percent in February, the most in 10 months. For the year so far, they are advancing at a 2.8 percent annual rate, compared with a 3.2-year low of 2.2 percent for

all of 1997. In a separate report, the Labor Department said first-time jobless claims rose by 9,000, to a seasonally adjusted 308,000 in the week ended March 14. That was roughly in line with analysts' expectations.

The less volatile four-week average for jobless claims fell to 308,000 from 308,250 the previous week, the Labor Department reported. That was the lowest level since the week ended Feb. 14, when the four-week average was 303,500.

The Labor Department also said that the total number of people on the unemployment rolls decreased by 30,000, to 2,156 million, in the week ended March 7.

At the same time, 26 states or territories reported an increase in new jobless claims, and 27 said new claims had fallen. (AP, Bloomberg)



Very briefly:

● 3Com Corp. said it would fire 380 workers at two Chicago-area plants and replace a top Illinois executive, as the company struggled with product lines acquired in its 1997 purchase of US Robotics Corp.

● ConAgra Inc. said its third-quarter earnings fell 4.5 percent, in line with estimates, because profit from its meat and poultry unit fell amid higher competition and lower exports; the maker of Healthy Choice meals said profit from operations fell to \$138.6 million from \$145.1 million a year ago.

● Shell Exploration & Production Co., a division of Royal Dutch/Shell Group, said that it would spend nearly \$1 billion to develop three oil and gas discoveries in the deep water of the Gulf of Mexico.

● KLM Royal Dutch Airlines NV is facing a \$2.8 billion lawsuit in the United States filed by employees in its North American cargo unit; the suit concerns a man who, according to the claim, subjected the employees to "discriminatory and derogatory verbal abuse," said a KLM spokesman.

● Motorola Inc. said it would invest another \$90 million in NetSpeak Corp., raising its stake to 34.5 percent, as part of an agreement to use NetSpeak's technology to transmit data over wireless networks.

● Chase Manhattan Corp. received permission to expand its operations in Venezuela and to open a bank there.

● Rodman & Renshaw Capital Group Inc. and its brokerage unit, Rodman & Renshaw Inc., said they had filed for bankruptcy in a New York court.

● Chiron Corp. has sued SmithKline Beecham PLC, claiming its hepatitis-B vaccine violates a Chiron U.S. patent on the world's first genetically engineered vaccine.

● International Business Machines Corp. cut prices on its computers with Intel Corp.'s Pentium II chips by as much as 20 percent, with the base model now starting at just over \$1,000; the move came a day after Compaq Computer Corp. unveiled price cuts and special promotions to lure buyers for the glut of machines it has in inventory. (Bloomberg, Reuters)

Yen Falls Anew Amid Signs of Stalling in Tokyo

Bloomberg News

NEW YORK — The dollar rose against the yen for a second consecutive day Thursday amid expectations that Japan would not act rapidly to revive its flagging economy.

The dollar rose to 130.67 yen in New York trading, from 130.07 yen Wednesday. The U.S. currency has risen about 4 percent against the yen this month.

"If they don't come up with a package by the end of the month or early in April, the dollar is going to

FOREIGN EXCHANGE

135 yen immediately," said Earl Johnson, foreign-exchange economist at the Chicago office of Bank of Montreal.

The dollar also rose against the Deutsche mark after an expected decline in business confidence exacerbated concern that Germany's economy would not soon recover.

The dollar rose to 1.8323 DM in late trading from 1.8264 DM at the close Wednesday. Against other major currencies, the dollar rose to 6.1410 French francs from 6.1215 francs, and to 1.4965 Swiss francs from 1.4913.

The pound fell to \$1.6665 from \$1.6715. The Bundesbank left interest rates unchanged at Thursday's bimonthly council meeting, and analysts said the German economy was not growing quickly enough to prompt the central bank to raise interest rates in months ahead, analysts said.

The dollar's going to grind a little higher, given interest rate expectations," said Paul Megyesi, currency economist at Deutsche Morgan Grenfell.

The six-person jury in Delaware County, Indiana, is deliberating whether to award as much as \$6.4 billion in punitive damages to the estate of Mildred Wiley, a nonsmoker who died of lung cancer.

Mandarin Ends Pan Am Talks

Bloomberg News

MIAMI — Pan Am Corp. said Thursday that the Silicon Valley investor Milan Mandaric had ended discussions about investing in the bankrupt airline.

Mr. Mandaric is the third potential investor to pull out of talks with the Miami-based company since its Pan American Airways Corp. and Pan American World Airways Inc. filed for Chapter 11 bankruptcy protection on Feb. 26. The financier Carl Icahn withdrew a \$43 million offer on March 16. A \$10 million offer from Wilbur Ross, a partner in Rothschild Inc., fell through last month.

Pan Am said it was still considering financing offers but was also thinking about scaling down operations and becoming a charter airline. Jeff Kriender, a company spokesman, declined to elaborate.

Mr. Mandaric, who was born in Yugoslavia and moved to the United States in the 1960s, owns MM Holdings International. He also owns First Star International Inc., a sports-marketing company, and he has invested in soccer teams in the United States and Europe.

INTERNATIONAL FUTURES

March 19, 1998					High Low Last Chg Opt					High Low Last Chg Opt					High Low Last Chg Opt				
Grains					DRANGE Juice (NCTN)					15-YEAR GOVERNMENT BOND ANNUITY					Dec 96				
CORN (CBOT)					15.000 lbs.-cents per bu.					Ft. Worth 104.15 103.76 103.77 -0.39 117.97					95.96 95.86 95.86 -0.07 161.928				
Mar 98	265 1/2	265 1/2	265 1/2	-3 1/2	1,294	Mar 98	104.15 103.76 103.77 -0.39 117.97	Jun 98	104.15 103.76 103.77 -0.39 117.97	Jul 98	104.15 103.76 103.77 -0.39 117.97	Aug 98	104.15 103.76 103.77 -0.39 117.97	Oct 98	104.15 103.76 103.77 -0.39 117.97				
Jul 98	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Jul 98	104.15 103.76 103.77 -0.39 117.97	Sep 98	104.15 103.76 103.77 -0.39 117.97	Nov 98	104.15 103.76 103.77 -0.39 117.97	Dec 98	104.15 103.76 103.77 -0.39 117.97	Jan 99	104.15 103.76 103.77 -0.39 117.97				
Dec 98	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Dec 98	104.15 103.76 103.77 -0.39 117.97	Open Int.	117.967 101.33 101.33	Feb 99	104.15 103.76 103.77 -0.39 117.97	Mar 99	104.15 103.76 103.77 -0.39 117.97	Apr 99	104.15 103.76 103.77 -0.39 117.97				
Mar 99	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Mar 99	104.15 103.76 103.77 -0.39 117.97						May 99	104.15 103.76 103.77 -0.39 117.97	Jun 99	104.15 103.76 103.77 -0.39 117.97			
Jul 99	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Jul 99	104.15 103.76 103.77 -0.39 117.97						Jul 99	104.15 103.76 103.77 -0.39 117.97	Aug 99	104.15 103.76 103.77 -0.39 117.97			
Dec 99	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Dec 99	104.15 103.76 103.77 -0.39 117.97						Sep 99	104.15 103.76 103.77 -0.39 117.97	Oct 99	104.15 103.76 103.77 -0.39 117.97			
Mar 00	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Mar 00	104.15 103.76 103.77 -0.39 117.97						Nov 99	104.15 103.76 103.77 -0.39 117.97	Dec 99	104.15 103.76 103.77 -0.39 117.97			
Jul 00	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Jul 00	104.15 103.76 103.77 -0.39 117.97						Jan 00	104.15 103.76 103.77 -0.39 117.97	Feb 00	104.15 103.76 103.77 -0.39 117.97			
Dec 00	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Dec 00	104.15 103.76 103.77 -0.39 117.97						Mar 00	104.15 103.76 103.77 -0.39 117.97	Apr 00	104.15 103.76 103.77 -0.39 117.97			
Mar 01	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Mar 01	104.15 103.76 103.77 -0.39 117.97						May 00	104.15 103.76 103.77 -0.39 117.97	Jun 00	104.15 103.76 103.77 -0.39 117.97			
Jul 01	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Jul 01	104.15 103.76 103.77 -0.39 117.97						Jul 00	104.15 103.76 103.77 -0.39 117.97	Aug 00	104.15 103.76 103.77 -0.39 117.97			
Dec 01	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Dec 01	104.15 103.76 103.77 -0.39 117.97						Sep 00	104.15 103.76 103.77 -0.39 117.97	Oct 00	104.15 103.76 103.77 -0.39 117.97			
Mar 02	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Mar 02	104.15 103.76 103.77 -0.39 117.97						Nov 00	104.15 103.76 103.77 -0.39 117.97	Dec 00	104.15 103.76 103.77 -0.39 117.97			
Jul 02	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Jul 02	104.15 103.76 103.77 -0.39 117.97						Jan 01	104.15 103.76 103.77 -0.39 117.97	Feb 01	104.15 103.76 103.77 -0.39 117.97			
Dec 02	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Dec 02	104.15 103.76 103.77 -0.39 117.97						Mar 01	104.15 103.76 103.77 -0.39 117.97	Apr 01	104.15 103.76 103.77 -0.39 117.97			
Mar 03	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Mar 03	104.15 103.76 103.77 -0.39 117.97						May 01	104.15 103.76 103.77 -0.39 117.97	Jun 01	104.15 103.76 103.77 -0.39 117.97			
Jul 03	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Jul 03	104.15 103.76 103.77 -0.39 117.97						Jul 01	104.15 103.76 103.77 -0.39 117.97	Aug 01	104.15 103.76 103.77 -0.39 117.97			
Dec 03	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Dec 03	104.15 103.76 103.77 -0.39 117.97						Sep 01	104.15 103.76 103.77 -0.39 117.97	Oct 01	104.15 103.76 103.77 -0.39 117.97			
Mar 04	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Mar 04	104.15 103.76 103.77 -0.39 117.97						Nov 01	104.15 103.76 103.77 -0.39 117.97	Dec 01	104.15 103.76 103.77 -0.39 117.97			
Jul 04	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Jul 04	104.15 103.76 103.77 -0.39 117.97						Jan 02	104.15 103.76 103.77 -0.39 117.97	Feb 02	104.15 103.76 103.77 -0.39 117.97			
Dec 04	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Dec 04	104.15 103.76 103.77 -0.39 117.97						Mar 02	104.15 103.76 103.77 -0.39 117.97	Apr 02	104.15 103.76 103.77 -0.39 117.97			
Mar 05	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Mar 05	104.15 103.76 103.77 -0.39 117.97						May 02	104.15 103.76 103.77 -0.39 117.97	Jun 02	104.15 103.76 103.77 -0.39 117.97			
Jul 05	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Jul 05	104.15 103.76 103.77 -0.39 117.97						Jul 02	104.15 103.76 103.77 -0.39 117.97	Aug 02	104.15 103.76 103.77 -0.39 117.97			
Dec 05	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Dec 05	104.15 103.76 103.77 -0.39 117.97						Sep 02	104.15 103.76 103.77 -0.39 117.97	Oct 02	104.15 103.76 103.77 -0.39 117.97			
Mar 06	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Mar 06	104.15 103.76 103.77 -0.39 117.97						Nov 02	104.15 103.76 103.77 -0.39 117.97	Dec 02	104.15 103.76 103.77 -0.39 117.97			
Jul 06	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Jul 06	104.15 103.76 103.77 -0.39 117.97						Jan 03	104.15 103.76 103.77 -0.39 117.97	Feb 03	104.15 103.76 103.77 -0.39 117.97			
Dec 06	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Dec 06	104.15 103.76 103.77 -0.39 117.97						Mar 03	104.15 103.76 103.77 -0.39 117.97	Apr 03	104.15 103.76 103.77 -0.39 117.97			
Mar 07	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Mar 07	104.15 103.76 103.77 -0.39 117.97						May 03	104.15 103.76 103.77 -0.39 117.97	Jun 03	104.15 103.76 103.77 -0.39 117.97			
Jul 07	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Jul 07	104.15 103.76 103.77 -0.39 117.97						Jul 03	104.15 103.76 103.77 -0.39 117.97	Aug 03	104.15 103.76 103.77 -0.39 117.97			
Dec 07	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Dec 07	104.15 103.76 103.77 -0.39 117.97						Sep 03	104.15 103.76 103.77 -0.39 117.97	Oct 03	104.15 103.76 103.77 -0.39 117.97			
Mar 08	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Mar 08	104.15 103.76 103.77 -0.39 117.97						Nov 03	104.15 103.76 103.77 -0.39 117.97	Dec 03	104.15 103.76 103.77 -0.39 117.97			
Jul 08	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Jul 08	104.15 103.76 103.77 -0.39 117.97						Jan 04	104.15 103.76 103.77 -0.39 117.97	Feb 04	104.15 103.76 103.77 -0.39 117.97			
Dec 08	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Dec 08	104.15 103.76 103.77 -0.39 117.97						Mar 04	104.15 103.76 103.77 -0.39 117.97	Apr 04	104.15 103.76 103.77 -0.39 117.97			
Mar 09	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Mar 09	104.15 103.76 103.77 -0.39 117.97						May 04	104.15 103.76 103.77 -0.39 117.97	Jun 04	104.15 103.76 103.77 -0.39 117.97			
Jul 09	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Jul 09	104.15 103.76 103.77 -0.39 117.97						Jul 04	104.15 103.76 103.77 -0.39 117.97	Aug 04	104.15 103.76 103.77 -0.39 117.97			
Dec 09	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Dec 09	104.15 103.76 103.77 -0.39 117.97						Sep 04	104.15 103.76 103.77 -0.39 117.97	Oct 04	104.15 103.76 103.77 -0.39 117.97			
Mar 10	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Mar 10	104.15 103.76 103.77 -0.39 117.97						Nov 04	104.15 103.76 103.77 -0.39 117.97	Dec 04	104.15 103.76 103.77 -0.39 117.97			
Jul 10	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Jul 10	104.15 103.76 103.77 -0.39 117.97						Jan 05	104.15 103.76 103.77 -0.39 117.97	Feb 05	104.15 103.76 103.77 -0.39 117.97			
Dec 10	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Dec 10	104.15 103.76 103.77 -0.39 117.97						Mar 05	104.15 103.76 103.77 -0.39 117.97	Apr 05	104.15 103.76 103.77 -0.39 117.97			
Mar 11	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Mar 11	104.15 103.76 103.77 -0.39 117.97						May 05	104.15 103.76 103.77 -0.39 117.97	Jun 05	104.15 103.76 103.77 -0.39 117.97			
Jul 11	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Jul 11	104.15 103.76 103.77 -0.39 117.97						Jul 05	104.15 103.76 103.77 -0.39 117.97	Aug 05	104.15 103.76 103.77 -0.39 117.97			
Dec 11	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Dec 11	104.15 103.76 103.77 -0.39 117.97						Sep 05	104.15 103.76 103.77 -0.39 117.97	Oct 05	104.15 103.76 103.77 -0.39 117.97			
Mar 12	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Mar 12	104.15 103.76 103.77 -0.39 117.97						Nov 05	104.15 103.76 103.77 -0.39 117.97	Dec 05	104.15 103.76 103.77 -0.39 117.97			
Jul 12	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Jul 12	104.15 103.76 103.77 -0.39 117.97						Jan 06	104.15 103.76 103.77 -0.39 117.97	Feb 06	104.15 103.76 103.77 -0.39 117.97			
Dec 12	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Dec 12	104.15 103.76 103.77 -0.39 117.97						Mar 06	104.15 103.76 103.77 -0.39 117.97	Apr 06	104.15 103.76 103.77 -0.39 117.97			
Mar 13	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Mar 13	104.15 103.76 103.77 -0.39 117.97						May 06	104.15 103.76 103.77 -0.39 117.97	Jun 06	104.15 103.76 103.77 -0.39 117.97			
Jul 13	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Jul 13	104.15 103.76 103.77 -0.39 117.97						Jul 06	104.15 103.76 103.77 -0.39 117.97	Aug 06	104.15 103.76 103.77 -0.39 117.97			
Dec 13	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Dec 13	104.15 103.76 103.77 -0.39 117.97						Sep 06	104.15 103.76 103.77 -0.39 117.97	Oct 06	104.15 103.76 103.77 -0.39 117.97			
Mar 14	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Mar 14	104.15 103.76 103.77 -0.39 117.97						Nov 06	104.15 103.76 103.77 -0.39 117.97	Dec 06	104.15 103.76 103.77 -0.39 117.97			
Jul 14	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Jul 14	104.15 103.76 103.77 -0.39 117.97						Jan 07	104.15 103.76 103.77 -0.39 117.97	Feb 07	104.15 103.76 103.77 -0.39 117.97			
Dec 14	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Dec 14	104.15 103.76 103.77 -0.39 117.97						Mar 07	104.15 103.76 103.77 -0.39 117.97	Apr 07	104.15 103.76 103.77 -0.39 117.97			
Mar 15	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Mar 15	104.15 103.76 103.77 -0.39 117.97						May 07	104.15 103.76 103.77 -0.39 117.97	Jun 07	104.15 103.76 103.77 -0.39 117.97			
Jul 15	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Jul 15	104.15 103.76 103.77 -0.39 117.97						Jul 07	104.15 103.76 103.77 -0.39 117.97	Aug 07	104.15 103.76 103.77 -0.39 117.97			
Dec 15	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Dec 15	104.15 103.76 103.77 -0.39 117.97						Sep 07	104.15 103.76 103.77 -0.39 117.97	Oct 07	104.15 103.76 103.77 -0.39 117.97			
Mar 16	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Mar 16	104.15 103.76 103.77 -0.39 117.97						Nov 07	104.15 103.76 103.77 -0.39 117.97	Dec 07	104.15 103.76 103.77 -0.39 117.97			
Jul 16	277 1/2	277 1/2	277 1/2	-3 1/2	1,012	Jul 16	104.15 103.76 103.77 -0.39 117.97						Jan 08						

EUROPE

Edelman Makes Fourth Run at Hotel Chain

Bloomberg News
PARIS — Asher Edelman, a former corporate raider and frustrated buyer of French luxury assets, is hoping for the fourth time the charm. The U.S. investor has set aside \$12 million to buy a stake in Compagnie Financière Taittinger on the market in a fresh bid to win its holding in Societe du Louvre, people who know of the plan said Thursday.

The offer is aimed at persuading Taittinger family members, who control Societe du Louvre, to sell. Claude Taittinger, chairman of Taittinger SA, another company that owns 54 percent of Louvre's voting rights, has three times rejected Mr.

Edelman's offer for Louvre, which owns Baccarat crystal and prestige hotels such as Le Crillon in Paris. "He's already tried the direct approach," said Jonathan Goble, an analyst at Credit Suisse First Boston. "Having made little progress, he may go to the top of the holding tree and try his hand there."

Mr. Edelman, who made his name in the 1980s as a profiteer from hostile takeovers and now runs investment funds, offered through brokers 2,100 French francs (\$343) a share for 9.5 percent of Taittinger, the sources said. His offer, equal to Taittinger's share price Tuesday, could be raised, they added. Taittinger said

it was not aware of the offer; Mr. Edelman would not comment. Only about 5 percent of Compagnie Financière Taittinger's shares are traded publicly. They have not traded since Tuesday, when 63 shares changed hands at 2,100 francs, Mr. Edelman's offer price.

Mr. Edelman, 58, already owns 5 percent of Societe du Louvre's voting shares and between 30 percent and 35 percent of nonvoting shares. In November, he sought again to take control of the company by offering 350 francs per common share, up from 310 francs in July and 275 francs in May.

Mr. Edelman's bids have prompt-

ed the main shareholders of Societe du Louvre to take defensive measures, although Mr. Edelman has said the Taittinger family is not unanimous in opposing his offer.

The Peugeot and Taittinger families last week agreed that Peugeot's Fonderie Financière et de Participation would not sell its stake in Societe du Louvre for four years unless the Taittinger family agrees. The Peugeot family also said it wanted to increase its stake from 3 percent of Societe du Louvre's voting rights to as much as 10 percent.

On Thursday, Louvre's shares rose 5.9 francs, to 355 francs, while Taittinger SA rose 15 francs, to 3,815 francs.

Profit Report Hits France Telecom Stock

Compiled by Our Staff From Reuters
PARIS — France Telecom SA's shares fell 9 percent Thursday as investors took profits a day after the company said its 1997 earnings suffered from costs linked in developing mobile-phone and international networks.

"The company's been hit worse than I thought by the costs of investment in mobile phones, and also its expansion overseas in Ivory Coast, Slovakia and Romania," said Richard Jones, analyst at Paribas Capital Markets.

The stock fell 30.6 francs (\$5), to 324. On Wednesday, the shares hit a record high of 354.60 francs.

"Profit-takers have set in and some hot money has moved out," said James Ross, analyst at ABN-Amro Hoare Govett in London.

On Wednesday, France Telecom announced a record net income for 1997, as profit rose to 14.9 billion francs, including a one-time charge of 1.1 billion francs to cover the costs of the company's initial public offering. The company had a profit of 2.1 billion francs a year earlier.

But at the same time, the company unveiled an unexpected 13 percent drop in operating profit.

In addition, France Telecom said its overall earnings outlook was flat for 1998 because of cuts in call rates, leading analysts to cut their recommendations for the stock.

France Telecom's result included a 1.3 billion franc loss from its Global One venture with Deutsche Telekom AG and Sprint Corp. of the United States, the company said. The venture has suffered from falling prices worldwide amid competition from companies such as AT&T Corp. (Bloomberg, Reuters)

Investor's Europe		
Frankfurt DAX	London FTSE 100 index	Paris CAC 40
5000	6000	3750
4000	5000	3250
3000	4000	2750
2000	3000	2250
1000	2000	1750
0	1000	1250
1997	1997	1997
1998	1998	1998
1999	1999	1999
2000	2000	2000
2001	2001	2001
2002	2002	2002
2003	2003	2003
2004	2004	2004
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2012	2012	2012
2013	2013	2013
2014	2014	2014
2015	2015	2015
2016	2016	2016
2017	2017	2017
2018	2018	2018
2019	2019	2019
2020	2020	2020

Arguable Profits At Credit Lyonnais

Reuters
PARIS — Credit Lyonnais reported a profit of 1.057 billion French francs (\$172.7 million) for 1997, but the European Commission said the bank's results included French state aid of more than 3 billion francs that the commission had not approved and was therefore illegal.

The bank had a profit of just 202 million francs in 1996.

Credit Lyonnais also said Thursday it was setting aside provisions of 3 billion francs to cover general credit risks in Asia, where it is one of the most exposed French banks.



Jean Peyrelevade, president of Credit Lyonnais, speaking on Thursday in Paris.

BMW to Issue New Shares Following Surge in Profit

Reuters
FRANKFURT — Bayerische Motoren Werke AG said Thursday that its net profit surged 53 percent last year, and announced it would sell new shares to raise 2.18 billion Deutsche marks (\$1.19 billion) in capital.

BMW, which in addition to making its own brand of cars owns Britain's Rover Group Ltd. and manufactures aircraft engines, also said it would raise its 1997 dividend from 15 DM to 20 DM per ordinary share, and from 16 DM to 21 DM per preferred share.

Net profit for 1997 rose to 1.26 billion DM from 820 million DM.

"BMW must be very confident to make such a big dividend payout," said Lothar Lubinski, an analyst at Enskilda Securities.

BMW shares, temporarily suspended after the earnings announcement, rose 25 DM to close at 1,925 DM.

Although the Asian financial crisis could have hurt the company's second-half results, analysts said it appeared that profit in the last six months of the year was helped by the strong dollar, which swelled income from sales abroad.

The company reported earlier that sales last year climbed to 60.13 billion DM from 52.27 DM, and that production climbed to 1.19 million units from 1.14 million in 1996.

BMW will not publish a breakdown of its individual operating units until its annual news conference on March 31, but analysts said profit came largely from BMW brand cars.

Analysts said they were surprised at BMW's decision to increase capital, but said the decision probably reflected a need to finance development of new products and a desire to take advantage of a share price that has climbed 48 percent this year.

BMW, considered a favorite in bidding to take over Rolls-Royce Motor Cars, said the capital increase was not directly linked to its bid.

Greece Warns Airline to Cut Costs or Fold

Reuters
ATHENS — Greece said Thursday it would shut the ailing state-run airline Olympic Airways unless the company found ways to slash costs by 250 billion drachmas (\$77.4 million) over five years.

"Olympic's management and workers must agree on ways to save 50 billion drachmas a year, over the next five years, or it will close down," Transport Minister Tassos Mandelis said. "This is Olympic's very last chance to survive."

He said Olympic's 1997 deficit was estimated at about 6.5 billion drachmas, attributed to pay increases to company employees last year.

"If we continue this way, then

Olympic's deficit will reach 60 billion drachmas by 2002 and it will be forced to sell its planes just to cover the operating cost," he said.

Mr. Mandelis said a 1994 recovery plan for Olympic approved by the European Union "has been overturned due to union action, mistakes by the management and other reasons."

Greece has paid about 620 billion drachmas since 1994 to write off Olympic's debt in line with the EU-approved plan, which aimed to turn the company around through early retirements and fewer flights after 20 years of losses. "We will not ask the taxpayers to pay another drachma for Olympic," Mr. Mandelis said.

Government officials said the new cost-saving plan would include: minimum salary increases or a salary freeze; slashing overtime pay; longer working hours for flying crews; canceling of perquisites, like free tickets, for company employees; and reducing seasonal employment during the summer.

Olympic is the first state company to undergo reforms to meet Greece's commitment to public-sector savings after the drachma's entry to the EU exchange-rate mechanism last week. Greece devalued the drachma by 14 percent last week to enter the mechanism. It also made a commitment to cut state deficits, reduce inflation and increase productivity.

WORLD STOCK MARKETS

Thursday, March 19
Prices in local currencies.

Amsterdam

High Low Close Prev.

ABN-AMRO 47.40 46.80 47.10 46.80

ASR 10.50 10.40 10.50 10.40

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High Low Close Prev.

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TIC Pacific Trestles With Interest Costs

By [illegible]

HONG KONG — CITIC Pacific Ltd., one of China's biggest overseas companies, said Thursday that the year last year sent its interest-paying lending to a disappointing low for the year.

The company's interest payments of \$1.25 billion, which paid 15.25 percent of Hong Kong's economy company, China's Pacific Co., said interest on its \$1.25 billion in 1989 net profit of \$1.58 billion, 13.5 percent from the year earlier, below the 15 percent interest rate expected by many.

CITIC rose 1.4 percent, less than the 5 percent rise in the Hang Seng index. The announcement was a reminder of China's investment in Hong Kong are paying the price of acquisitions last year on the territory's defense of its peg to the U.S. dollar against the dollar.

CITIC will be better off to raise its investment in China. It made strategic investments in Thompson, head of research, and the company's Asia Ltd. It made this its investment in the U.S. dollar, by using the cash reserves of 18 billion yuan, which power plants in China, Thompson, who recommended the stock.

CITIC chairman, Larry Young, said that the two companies, which would increase revenue, and to be more specific, and that CITIC could cut its debt to its assets, possibly more, and industrial properties in Hong Kong.

He urged investors to focus on the increase in CITIC's return last year, he conceded CITIC has "a difficult year" in

Sit Plummets Jardine Fleming

By [illegible]

HONG KONG — Jardine Fleming Ltd. said Thursday that its net profit fell 83 percent to \$14 million, a sharp economic crisis took a toll on the stock market.

The group's biggest stock brokerage, the Robert Fleming & Co. Ltd., said assets under management dropped by a fifth, to \$17 billion, down from \$481 million.

The group had total net assets of \$1.5 billion, like many other Asian companies doing business in Asia, and currency markets. "The volatility in Asian markets has been a major concern for us," said a spokesman. "The group is working to improve its business," he said.

A major concern was the decline in management. Fund managers had traditionally been the main profit center, said Alan Morrison, director of Jardine Fleming.

The group was affected by the severe, really, Morrison said. "Competition in the markets in which we operate will be affected at all levels of turnover," he said.

Matheson, meanwhile, said a 8 percent rise in net profit for 1997, but said under the nonrecurring items were for two years.

The crisis on its investment in engineering and construction, and the absence of investment in the company said.

Matheson's chairman, Henry Matheson, said the severity of the crisis was the main reason for the decline.

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ITC Pacific restles With Interest Costs

WINNING — CITIC Pacific Ltd., Hong Kong's biggest overseas company, said Thursday that its first year went with its interest in securing leading to disappointment for the year.

CITIC — which paid 16.25 billion Hong dollars (\$1.8 billion) a year ago 20 percent of Hong Kong's electricity company, China Power Co. — said interest rose 20-fold, to \$89 million last year.

The profit for 1987 was 58 billion Hong dollars from the year earlier below the 20 percent increase had been expected by many.

CITIC rose 1.4 percent, less than the 1.8 percent rise in mainland Hong Kong index.

The announcement was a testimony of China's investment in Hong Kong as paying the price of acquisitions last year in the territory's defense of a drop in the U.S. dollar and stock market.

CITIC will be better off to make its investment in China's power made strategic bet on Thompson, head of research economies Co. (Asia) Ltd. from make this investment pay. Believe they will "by making cash reserves of 18 billion Hong dollars to power plants in China," Thompson, who recommended the stock.

CITIC chairman, Larry Young, says that the two companies are working toward joint venture to increase revenue. He said it could more specific, and that CITIC could cut its debt to move assets, possibly real estate and industrial properties in Hong Kong.

He urged investors to focus on the recent increase in CITIC's return last year, he conceded.

CITIC Ltd. is a public company listed on the Hong Kong Stock Exchange.

Fit Plummets Hardine Fleming

KONG — Jardine Fleming said Thursday that its net profit in 1993 fell 83 percent to \$14 million from \$85 million. The Hong Kong-based economic crisis took a toll on regional stock markets.

Jardine's regional stock brokerage, Jardine Securities, is a joint venture between the Robert Fleming and London and Jardine Matheson Ltd., said assets under management fell by a fifth, to \$17 billion, down from total net assets of \$20.5 billion from \$481 million.

Jardine Fleming, like many other securities firms, has cut back on its business in Asia, where it had been hard by slumping stock prices and currency markets. "The profitability in Asian markets has been down since 1993 and this will create a less operating environment for our businesses," the firm said.

A major concern was the decline in stock prices and management. Fund managers had traditionally been the profit center, said Alastair Macdonald, managing director of Jardine Fleming.

Jardine Fleming was affected by the severe, really sharp downturn in Asian markets, said Macdonald. "Competition in the markets in which we operate is fiercer than ever. Clearly it will be affected by the levels of turnover," he said.

Macdonald, meanwhile, announced a rise in net profit to \$14 million in 1993, or 21 percent, but said major nonrecurring items were included in the profit for both years.

Macdonald said the firm was due mainly to the effect of the crisis on its investment in property and construction in the absence of investment company said.

Macdonald's chairman, Henry Macdonald, said that given the severity of the downturn in Asia, it was realistic to expect an early recovery. He said Jardine retained its long-term prosperity (Reuters, Bloomberg).

ASIA/PACIFIC

No Lifelines for Failing Firms, Says Kim

By Don Kirk
International Herald Tribune

SEOUL — President Kim Dae-jung confronted one of South Korea's most perplexing economic issues Thursday. Why do the conglomerates that are basically bankrupt never seem to die or even fade away?

"Companies that should fail are not allowed to go out of business," Mr. Kim said during a briefing by his industry and energy minister, Park Tae Young. "The nation is being smothered," he said, by the continual demands of the "trouble-makers" for loans from banks that are dangerously short of cash.

Mr. Kim's demand for early liquidation of the failing conglomerates, called *chaebol*, at least ten of them ranked among the company's 30 largest groups, fits in with the International Monetary Fund's requirement for the elimination of money-losing companies as part of its \$60 billion loan package for restructuring the South Korean economy.

The reality, however, is that most

of the companies that are on the brink of bankruptcy, unable to pay their bills and at the mercy of the courts, are still in operation, struggling to survive and often quite confident that real failure is still only a remote possibility.

"We should adopt a policy to speed up the clearance process," said Lee Jee Woo of the Korea Economic Research Institute, an adjunct of the Federation of Korean Industries, a kind of club of *chaebol* chiefs. "In Korea, however, the mood is a little different. People worry about the social impact."

The fear of *chaebol* failure translates into a cumbersome system, based on the Japanese model, in which a company or group, when unable to pay its bills, applies for court receivership. The court may appoint a new chairman and perhaps some other executives but then takes its time deciding whether to accept the application for receivership, under which a company gets to renegotiate its loans with its creditor banks.

Mr. Kim may state, as he did

Thursday, that "troubled banks and corporations must be liquidated at the earliest possible date," but he can do little to hurry up a court system still pondering the fate of five of the *chaebol* while another five are receiving low-interest "co-operative loans."

Kia Group, including its flagship Kia Motors, which Mr. Kim cited as one of the *chaebol* that needed to be acted upon right away, appears likely to go into receivership when a court rules next week on its application filed six months ago. The alternative would be court-ordered liquidation.

"It is pretty obvious to us that the court will allow a reorganization program for Kia," said Yoo Seong Min at the Korea Development Institute, a government-financed think tank. "Once the court approves the application for rescheduling, then Kia has to talk to the banks, and then the court has to approve their debt rescheduling plan."

Kia, South Korea's eighth-largest *chaebol*, had initially resisted having to apply for receivership, a pro-

cess under which the court replaced its chairman with a court-appointed who recently resigned to join Mr. Kim's cabinet. Now, however, the group, whose debts are at least six times its equity, hopes for a court-ordered receivership as a reprieve.

"Receivership can provide a lifeline," said Jun Sang Jin, a spokesman for Kia Motors, which sold 697,384 vehicles last year and hopes to sell 600,000 this year despite a 50 percent drop in domestic sales.

"Ask anybody whether the court will grant receivership, and 99 out of 100 will say it will."

One precedent may be the court's decision Thursday to grant receivership to Halla Engineering & Heavy Industries Ltd., a shipbuilding company that applied for a lifeline last autumn before producing a single ship. The court rejected an application from a sister company, Halla Merchant Marine, but Halla Group, Korea's 12th largest *chaebol*, appears likely to survive despite a group debt-equity ratio of 20 to 1, much of it the result of construction of a new shipyard.

Jakarta Calls IMF Talks 'Constructive'

Compiled by Our Staff From Dispatches

JAKARTA — Indonesian officials said Thursday that talks with a visiting team from the International Monetary Fund were "constructive," but Vice President B.J. Habibie gave mixed signals on Jakarta's commitment to economic reforms.

"The meeting was very constructive," said Radins Prawito, a presidential adviser who is in charge of overseeing talks on the restructuring of Indonesia's corporate debt.

Mr. Radins's comments on the talks with the IMF team about a 50-point program of economic reforms meant to be adopted in return for a \$40 billion bailout package were overshadowed by apparent waffling on Jakarta's commitment by Mr. Habibie during an official visit to Japan.

"The Indonesian economy will improve substantially if the country abides by all 50 points," Mr. Habibie was quoted by a Japanese Foreign Ministry official as saying.

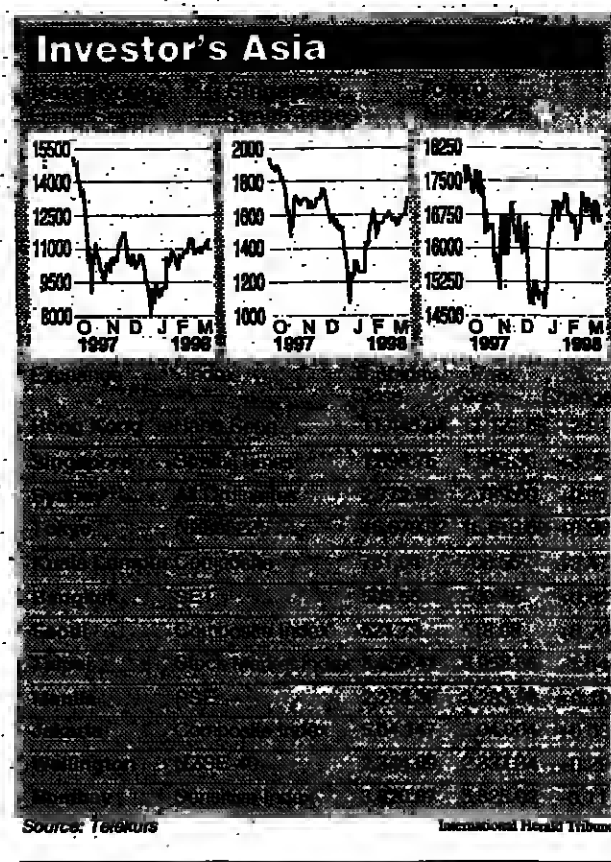
But Mr. Habibie, a protégé of President Suharto who was recently given an expanded portfolio to represent the president on international matters, later told Japan's most powerful business group that Jakarta could complete most of the points but that agriculture would be a problem.

"We are already implementing some of the points, but the whole thing cannot be done in a week or a month," a spokesman for the Federation of Economic Organizations quoted Mr. Habibie as saying.

A senior IMF team broke into five groups to discuss programs ranging from banking reform and monetary policy to ways of dealing with crippling corporate foreign debt.

Indonesia regards the strengthening of the rupiah as the key issue, and Gintandjar Kartasasmita, the coordinating minister for the economy, said both sides had agreed this would be part of the review process.

Mr. Suharto, 76, has repeatedly made commitments to carrying out the reform program he signed with the IMF on Jan. 15. (Reuters, AFP)



Very briefly:

- Seven "second-tier" Japanese brokerages said they would be reporting heavy losses for the year ending this month. Four of the firms—Cosmo Securities Co., Yamatane Securities Co., Wako Securities Co. and Okasan Securities Co.—gave the loss estimates after earlier profit or break-even predictions. Dai-ichi Securities Co. and Kanakaku Securities Co. said their losses would be greater than initially projected, and New Japan Securities Co. predicted a slight improvement from its earlier estimate of a hefty loss.
- Daiwa Securities Co. said it would book a loss of 39.9 billion yen (\$307 million) on financial assistance for its property management unit, Daiwa Tochi Tatemono.
- Associates First Capital Corp., an affiliate of Ford Motor Co., said it would pay 80 billion yen for 90 percent of DIC Finance, a financial unit of Dai-ichi Inc., Japan's largest supermarket operator.
- South Korea's Fair Trade Commission asked financial institutions to relieve companies of excessive debt guarantee obligations to promote economic restructuring.
- Hyundai Electronics Industries Co., a leading South Korean semiconductor maker, said it may leave the personal computer business, which only accounts for 5 percent of total revenue.
- Commerce Asset-Holding Bhd. and RHB Capital Bhd., both of Malaysia, have agreed to call off talks to merge their banks, a Commerce Asset official said. (Reuters, Bloomberg)

CITIC Pacific Wrestles With Interest Costs

Bloomberg News

HONG KONG — CITIC Pacific Ltd., the flagship of China's biggest overseas investment company, said Thursday that a spending spree last year sent its interest expenses soaring, leading to disappointing net profit for the year.

CITIC — which paid 16.25 billion Hong Kong dollars (\$2.1 billion) a year ago for 20 percent of Hong Kong's biggest electricity company, China Light & Power Co. — said interest expenses rose 21-fold, to 889 million dollars as a result.

That cut 1997 net profit to 7.38 billion dollars, up 8 percent from the year earlier, but well below the 20 percent increase that had been expected by many analysts.

Shares in CITIC rose 1.4 percent, to 29.75 dollars, less than the 3 percent rise in the benchmark Hang Seng index.

CITIC's announcement was a reminder that many of China's investment companies in Hong Kong are paying the price for a spree of acquisitions last year just before the territory's defense of its currency's peg to the U.S. dollar sent interest rates rocketing.

Still, CITIC will be better off than most because its investment in China Light & Power made strategic sense, said Steven Thompson, head of research at Nikko Securities Co. (Asia) Ltd.

"They can make this investment pay off and I believe they will" by using China Light's cash reserves of 18 billion dollars to snap up power plants in China, said Mr. Thompson, who recommends investors buy the stock.

The CITIC chairman, Larry Yung, said Wednesday that the two companies were progressing toward joint acquisitions that could increase revenue. He declined to be more specific, and suggested that CITIC could cut its debt by selling uncore assets, possibly residential and industrial properties in Hong Kong.

While he urged investors to focus on a 16 percent increase in CITIC's recurring income last year, he conceded that CITIC faces "a difficult year" in 1998.

Profit Plummets At Jardine Fleming

Compiled by Our Staff From Dispatches

HONG KONG — Jardine Fleming Holdings Ltd. said Thursday that its net profit tumbled 83 percent to \$14 million last year as Asia's economic crisis took its toll on regional stock markets.

Hong Kong's biggest stock brokerage, a joint venture between the Robert Fleming Group of London and Jardine Matheson Holdings Ltd., said assets under management dropped by a fifth, to \$17 billion. The group had total net assets of \$469 million, down from \$481 million.

Jardine Fleming, like many other securities firms doing business in Asia, has been hit hard by slumping stock, bond and currency markets. "The extreme volatility in Asian markets has continued into 1998 and this will create a difficult operating environment for financial-services businesses," the company said.

Of particular concern was the decline in assets under management. Fund management has traditionally been the firm's main profit center, said Alasdair Morrison, managing director of Jardine Matheson.

Jardine Fleming was affected across the board by the severe, really unprecedented downturn in Asian markets. "Mr. Morrison said, 'Competitively, I think Jardine Fleming is in very good shape in the markets in which it operates. But clearly it will be affected by the overall levels of turnover.'"

Jardine Matheson, meanwhile, announced an 8 percent rise in net profit to \$325 million for 1997, but said underlying profit fell 21 percent, to \$292 million, after nonrecurring items were considered for both years.

The drop was due mainly to the effect of the Asian crisis on its investment-banking, engineering and construction businesses, and the absence of investment gains, the company said.

Jardine Matheson's chairman, Henry Keswick, said that given the severity of the economic downturn in Asia, it would be unrealistic to expect an early recovery. But he said Jardine retained its confidence in the long-term prosperity of the region. (Reuters, Bloomberg)

Major Thai Bank to Issue Shares

By Thomas Crampton
International Herald Tribune

BANGKOK — Thailand's largest commercial bank, Bangkok Bank, said Thursday it would issue new shares to raise capital, becoming the first Thai bank to do so since Asia's economic crisis began eight months ago.

A tightly held family bank, Bangkok Bank had been extremely reluctant to raise capital and only agreed to do so after prompting from the central bank, which is urging all Thai financial institutions to increase provisions for possible bad loans.

The decision to sell individual shares will allow Bangkok Bank to raise money without selling controlling stakes to strategic foreign partners, a move that some debt-laden Thai financial institutions have been forced to make.

"In light of the impact of the currency devaluation and slowdown in the economy this year, we believe it is prudent for the bank to raise additional capital to strengthen our financial position," said the bank's executive chairman, Chatri Sophonpanich.

By selling individual shares instead of seeking a single foreign partner, the Sophonpanich family will retain more control of the recapitalized bank and allow discreet participation of Taiwanese investors and bankers, analysts said.

Reports in local newspapers have suggested that the Thai-Chinese family that owns the bank chose a public offering as a means to obscure investment from Taiwan for fear of angering mainland China.

A delegation of investors from Taiwan is currently visiting Bangkok and on Wednesday Bangkok Bank disclosed it had sold 59 percent of a key lending unit to China Development Corp., the investment arm of Taiwan's ruling Nationalist Party.

For the recapitalization, Bangkok Bank will make an initial offering of 400 million new shares, roughly equal to 30 percent of the bank's enlarged capital, and keep an option to sell more shares in case of oversubscription.

At the current market price of 121 baht (\$3.03) per share, the offering would be worth about \$1.2 billion.

New Chinese Leader Faces A Delicate Balancing Act

By Philip Bowring
Special to the Herald Tribune

HONG KONG — China's new prime minister, Zhu Rongji, has been receiving a foreign press almost as adulatory as that once reserved for Deng and Mao in the domestic media.

Mr. Zhu, a relentless realist, is nonetheless aware that the expectations placed upon him are not matched by the tools at his disposal.

Mr. Zhu, like his well-informed and open-minded advisers, knows what

ECONOMIC SCENE

needs to be done. But the dilemma remains: How can the central government impose market discipline on a system that by and large has benefited from the erosion of central power?

Mr. Zhu's most immediate task is to revive economic growth. The actual rate of China's growth remains debatable, but the continued downward trend in such figures as those for industrial production, exports, prices, foreign investment and so on. Even using official data, the growth rate is probably no more than 6.5 percent at present.

What can be done about it? Monetary stimulus has tended to inflate the price of assets and not boost actual economic activity.

A strong pickup in investments in fixed assets — the tangible property used to run businesses — is seen as the main goal. Mainland economists think that a 12 to 15 percent rise is needed if overall growth is to reach its target 8 percent again.

However, Beijing's role is an indirect one. Fixed-asset investment by the central government is a tiny portion of the total, and according to the budget will fall slightly. Much will rest on the ability of provincial and local authorities to find their own resources, and on banks to shift from funding inventory accu-

mulation and state-enterprise losses to financing new projects.

In other words, two assumptions lie behind the expectation of growth. First, that profits of state enterprises will grow and finance new investments. Second, that banks will not be too tight-fisted even though they are also under pressure from Beijing to improve their loan quality and credit assessments.

This will be a delicate balancing act. Scope for manufacturing investment is limited by the huge overcapacity that exists in many sectors, and the unwillingness of local authorities to worsen unemployment by closing unprofitable factories.

Some infrastructure building such as toll roads may be an attractive investment, but returns on many projects are long-term and uncertain. Bank managers, under pressure to be responsible for bad loans, may prefer to be cautious. Recent recapitalization of state banks was a cosmetic reshuffle of state and central bank balance sheets, which will have scant impact on lending ability and leaves the nonperforming loans to be resolved later.

Housing investment sounds a safe enough form of stimulus, and state banks have agreed to increase their commitments to mass housing projects. However, in many areas gluts of housing exist. Land prices or inappropriate size have pushed them beyond affordable levels. Housing demand also continues to be held back by a hangover from the socialist era — very low public housing rents.

Overall, investment stimulus will happen, but it may not be felt until 1999.

Another level of reform, Mr. Zhu wants amalgamations to create large, well-capitalized, technologically advanced companies. But achieving this through central directives and Beijing ministry reshuffles is hardly in the spirit of a more market-oriented economy. Due to China's size and poor transport,



Zhu Rongji holding his first news conference as prime minister.

amalgamations may not make as much sense in practice as in theory.

Mr. Zhu's greatest strength may be that he believes that enterprise and banking reform are more important than the rate of GDP growth. However, that is not a view necessarily shared by the majority of cadres.

Praise for his intellect and achievements in presiding over a soft landing for the economy will be replaced by blame if growth remains low. Reform and low growth may prove incompatible. As prime minister he will also face a much wider range of political pressures than as a technocratic deputy prime minister able to focus entirely on economic management.

He will have some of his own men in some key ministries and provinces, but he is not an all-powerful figure. It is easy enough now for Mr. Zhu to affirm that the yuan will be kept stable. The costs as yet are small and the international benefits obvious. But nine months from now, if export growth has stopped, it could be a different story.

In recent years, China's economic performance has confounded the skeptics. But Mr. Zhu's first year in his new office will be China's most severe test since the 1989 Tiananmen Square massacre.

HANKE: The Voice of Suharto's Guru

Continued from Page 13

course, is just going to keep everybody under water if it isn't rescheduled. The fourth component is a big privatization program.

When I presented it to him, the president was wondering, of course: What's this have to do with the rupiah? Well, all of this is connected to trying to get the rupiah fixed at a realistic level. I said, "Look, the perception in the markets is that you backtracked on all these promises you make about privatization or economic reforms, and you just have to do something that's big, selling the crown jewels, in short, and you've got to do it right now. It's a credibility thing."

Q. So far, President Suharto has neither set up a currency board system nor fully adopted the IMF program. What is the present state of play?

A. The state of play is essentially that he has rejected the IMF plan as it stands now, because it has been a failure in his view. He has embraced my IMF-plus program. That is now leading the race. But he has left the door open for any new alternatives from the G-7 countries that might be superior to IMF-plus.

Q. You mentioned a realistic level for the rupiah. In better days the rupiah was about 2,500 to the dollar, now it's somewhere in excess of 10,000. What would be a realistic level?

A. I can't give you the exact number that I thought would be realistic two weeks ago when I gave him my expert's report. It's been reported that I have

recommended 5,000 and that I have also recommended 5,500. Neither number is in my report.

I did tell the president that the longer he waits, the weaker will be the realistic level at which you actually can set the exchange rate under a currency board regime. I think the best thing to do is announce you are putting in a currency board, let the currency float for 30 days, and then lock in to the exchange rate. That's exactly what we did in Bulgaria in 1997. It worked very well, and I think that's probably what they should do in Indonesia.

Q. How much time do you think Indonesia has?

A. I think time is literally running out. I recommended two weeks ago when I gave President Suharto the IMF-plus proposal that literally every hour counts in this thing.

Q. How long can he wait?

A. Inaction is only a viable option for a few more weeks. Every day they don't act they lose about 200 or 250 rupiah to the dollar. That's really untenable. President Suharto knows he will have to make a decision soon, and he will.

Q. What do you think Suharto will do?

A. I think at the end of the day, he is going to go with a currency board to stabilize the currency simply because he thinks that the main potential cause for chaos in the country is the weak and unstable currency. And if you don't stabilize it at some realistic level, all hell is going to break out in Indonesia.

ADIDAS: Big Turnaround in U.S. Market

Continued from Page 13

book were parlaying a lethal combination of glitzy sneakers made cheaply in low-wage countries and promotions with American sports superstars into dominance of a market that Adidas once ruled uncontested.

Enter Mr. Louis-Dreyfus.

In 1988, he had just finished turning around IMS International, a leading U.S. pharmaceutical market research company, when he sold it to Dun & Bradstreet for \$1.7 billion and decided to retire.

Not a bad idea for the scion of one of France's wealthiest families, the owners of giant SA Louis-Dreyfus & Compagnie, the traders and real estate magnates. Yet there was a hitch.

Mr. Louis-Dreyfus was only 42, and when he sought a skiing or golfing partner, no one was around.

"The problem with retirement," he said, "is that your friends are working."

So when Charles and Maurice Saatchi asked him to help right their floundering British advertising agency, Mr. Louis-Dreyfus bit. After three years, in which he cut costs, fired staff and bolstered profit margins, he achieved his second major turnaround.

Now he is five years into his third effort.

He says his top priority is to accelerate growth in the United States by continuing to whittle away at the market shares of Reebok and Fila.

His second goal, growing out of the first, is to integrate Salomon to give Adidas economies of scale and a leg up in such trendy sports as in-line skating and snowboarding.

Many analysts say the key question now is how Nike will react.

TRADE: Asian Crisis Widens U.S. Deficit

Continued from Page 1

United States, a departure from past administration practice of allowing only the Treasury secretary, Robert Rubin, to make comments about currency levels for fear of upsetting financial markets.

"In Japan, we still face a weak yen, a stagnant Japanese economy and significant trade barriers," Mr. Daley said.

In Tokyo, the Finance Ministry reported Thursday that Japan's trade surplus soared in February as imports plunged 15 percent amid weak domestic demand. Japan's customs-cleared trade surplus jumped 89 percent from a year ago, to 1.28 trillion yen (\$9.88 billion). The surplus grew 7.6 percent from Janu-

ary for the second consecutive monthly increase, the Finance Ministry said. Exports slid 9.4 percent.

Economists said the rise could encourage Washington to turn up the volume on its repeated call for Tokyo to take decisive steps to revive its ailing domestic economy in the face of Asia's economic crisis. Japan's trade surplus with the United States rose 33 percent, to \$39.03 billion yen.

Up until now, the Asian crisis has provided mostly positive benefits for the U.S. economy with investors rushing to the safety of U.S. investments, helping to push down interest rates and stimulating interest-rate sensitive sectors of the economy. (AP, Reuters, Bloomberg)

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INFORMATION SOCIETY / A SPECIAL REPORT

Literacy and the On-Line Generation: The Jury's Still Out

By Mitchell Martin

NEW YORK — Lewis Lapham, the editor of Harper's Magazine, was teaching at Yale University several years ago, when he noticed that his students seemed not to share his appreciation of literature. "The kids, though extremely bright, had not read much," he said. These students had "a lot of visual images in their minds, they have seen a lot of movies, a lot of television" but books seemed not to have played much part in forming their communications skills.

Adults have been making similar observations for more than a third of a century, complaining of a television-based, short attention span, couch potato culture among younger people, but Mr. Lapham made a subtle distinction. His recent students, he said, were intelligent but not used to communicating in the linear way of books and letters. "These kids can do homework, listen to music and watch TV at the same time," he said. "It is just different."

The difference, observers said, reflects the influence of the Internet on the way people communicate. In the same way that book-based cultures create quiet, orderly libraries, the on-line age seems to be generating a frenetic environment that reflects the way people interact with the World Wide Web.

Like many high-tech trends, this one has its origins in North America. For example, the United States has three TV channels dedicated to financial news. All three have a main screen, where news anchors present events in the traditional way of television. But across the bottom, stock prices crawl in a modern imitation of a ticker tape, while at the sides, display panels provide other information, such as the Dow Jones industrial average.

Bloomberg Television, which is

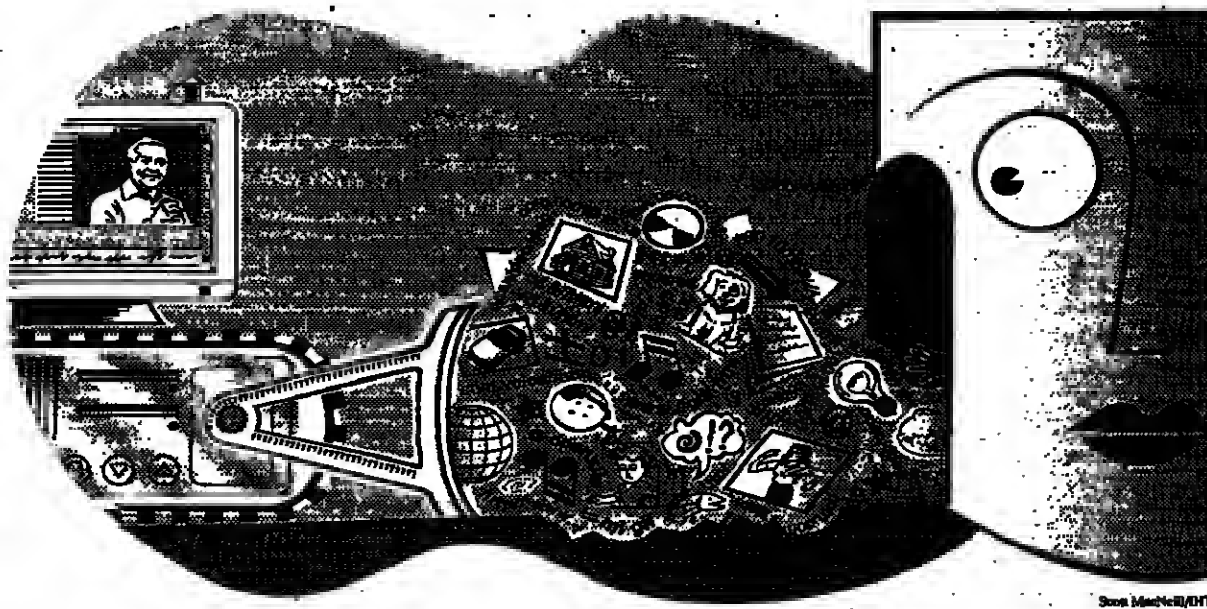
available in many countries, has gone the farthest with this idea. It has the smallest traditional screen and the most display panels. Weather, general and entertainment news, trivia and business information appear in panels that describe an L around the TV display, giving the effect of a busy Web page and one not dissimilar to Bloomberg's information terminals.

"It is very much conscious, very deliberate as a strategy," said John Fram, general manager of new media for Bloomberg. With a personal computer on the desk of practically every American office worker, he said, the on-line environment is a familiar one.

"We are in the world of media," he said, and "one of the things that this world of media has brought to us is the ability to context switch." This means that people can look at the various elements of the screen and process them more or less simultaneously. "The ability to context switch," Mr. Fram added, "does not necessarily mean a shorter attention span."

In fact, some people say the Internet is helping to increase literacy, at least among people who might otherwise be watching television. "I think you have to be really kind of rigorous in differentiating what goes on in television and what goes on in the Web," said Steven Johnson, editor in chief of the on-line magazine Feed and the author of a book on technology and communication. "The Web is really about reading."

Mr. Johnson said that people in their 20s, especially, are watching less TV and spending more time on-line. In his book, "Interface Culture," he points out that, while channel surfing on television is an almost mindless activity of moving from station to station to see if anything of interest emerges, Web-surfing requires users to follow links, a kind of treasure hunt for information they want rather than taking what is put in front of them.



Mr. Lapham does not say that the Internet or even television is responsible for what he sees as a paucity of good writing, but he does question whether people are paying as much attention to their use of language as they used to.

"Maybe we're not reading enough. There are so many other claims on people's time. Maybe they read less than they did when there were not as many other distractions," he said. It is not only in books and magazines that he sees the quality of prose declining. "Listen to the dialogue of the movies of the 1930s. You get wit, and you get repartee," he said, adding these were largely absent from today's films, where action and special effects play more important roles.

But overall, Gay Sherman, a teacher who has written a book, "Cyberstretch: An Internet Address Guide for School Teachers," said the Internet adds more

to education than it takes away. "In the case of the Internet, they are not sitting there like passive little sponges. There is the potential that they are going to be learning something," Ms. Sherman teaches on Martha's Vineyard, the island off the Massachusetts coast, where "we don't have a lot of books." The ability to obtain information from around the world is like "having a library at your fingertips."

Although she said she did not see "kids processing things differently" than in the past, "maybe one of the downsides" of the Internet "is that instead of reading a book and getting the full context of something, they are getting more of a sound bite."

When Web browsing emerged, Mr. Johnson's book says, most pages were similar to those in books. Readers began at the top and scrolled to the bottom. But

this meant that information would scroll off the screen, and that could be troublesome if there were navigational icons at the top of the page, and uneconomical if there was advertising.

So in mid-1995, frames were developed, allowing a web page to be split into several panels. Now, you can scroll through one while the others remain stable, so that help elements or advertisements remain visible all the time. But you no longer see a plain page. You have to deal with several elements that may all be changing or visually clamoring for attention. This is the look that has been transferred to Bloomberg's television screen.

There is a precedent, Mr. Johnson wrote, for the elements of a new medium to show up in the one it replaces. In the 1930s and 1940s, while television was

being developed and first marketed, radio plays appeared. "With hindsight," Mr. Johnson wrote, "we can see that the classic shows like 'The Shadow' and 'The Jack Benny Show' weren't really great radio programs. They were just bad television shows, TV-style narratives stripped down to fit the limited dimensions of radio. They were a message waiting for their medium to come."

A 1990s equivalent might be "Pop-Up Video." This popular show, which appears on VH1 in the United States and on its sister station MTV in other countries, melds commentaries in cartoon-like thought bubbles with music videos. Some of the bubbles, which appear with an audible pop and last about four seconds, provide factual information about how the video was made; others offer tangentially related comments, such as statistics on virginity during Madonna's "Like a Virgin."

The concept has spread beyond music videos, with episodes of television shows such as Oprah Winfrey's being "popped up" by Spin the Bottle Inc., the company owned by the show's creators, Tad Low and Woody Thompson. Late last year, Mr. Low and Mr. Thompson were furious when VH1 licensed the idea to Arnold Communications in Boston, which made advertisements for the phone company Bell Atlantic Corp. using information that they said was not always true.

Mr. Low said the inspiration came not from the Web but from Balloon Help, the pop-up assistance available to users of the Macintosh operating system. Mr. Low and Mr. Thompson used the concept to replace a live host and thus show behind-the-scenes commentary at the same time as rock videos, a compromise with VH1.

MITCHELL MARTIN is the New York correspondent of the International Herald Tribune.

Handheld Computer Starts to Come of Age

By Paul Floren

PARIS — This year should see the handheld computer graduating from a costly gadget to a relatively inexpensive and productive tool.

The Sharp Mobilon has a built-in 33.6 Kbps modem and 16 megabytes of RAM. It also features a digital camera option that plugs into the Type II PCMCIA card, and the screen becomes the viewfinder.

The Mobilon comes with voice recording for saving random thoughts. It sells for \$600 to \$900.

After downloading graphic files, shareware files and then installing the latest version of productivity applications, notebook computer users may find that their 1 to 3 G-byte hard drives are just not big enough.

Procom Technology Inc. in Irvine, California, announced recently that it may have the solution; the new ATOM4000 Series 4G-byte hard drive for notebook computers.

According to Procom, the hard drive is only 12.7 millimeters thick so it can work as an upgrade in smaller laptops and notebooks. However, the new drive, at \$985, might fit your computer but not your pocketbook.

For desktop PC users with the same problem, the new Maxtor DiamondMax 2160 hard drive provides 8.4 G-bytes of storage for under \$500.

Marketed for professionals, and costing \$3,000, MicroTek has produced a high-quality picture scanner. The MicroTek ScanMaker 5 is a flat-

bed scanner with a built-in tray for scanning slides. Distortion problems between slides, films or transparencies have been solved by eliminating the glass between the image and the scanner lens.

Biometrics — the identification by machines of human characteristics — are usually considered in terms of security systems. However, technology emerging from around the world promises more.

Mitsubishi Electronics Corp. has used microprocessor chips incorporating biometric technology to develop a 3-D tracking system that senses human motion and gestures, then displays the same movements in graphics models on a screen.

The system could be used to convert sign language into speech. It is already being incorporated into computer games to be launched later this month. Researchers at the Ofuna laboratory used "artificial retina" chips, which mimic the actions of the human eye. The chips are built into a two-camera "stereo vision" monitoring system to recognize and capture the face movements of a human demonstrator. The system then imitates these movements using a computer graphics face on a PC display.

At \$1,299, it is expensive for the amateur photographer. The Olympus D-600L looks, feels and works like the traditional 35-mm single-lens reflex camera; you look through the optical viewfinder to see exactly what the camera sees. The lens is a 3X electronic zoom (36-by-110-millimeter focal lengths) and makes for easy composition and quick shooting.

The D-600L allows the user to select the photo quality so a maximum number of pictures can be put into the camera's



The super-thin fiber-optic cable is revolutionizing communications.

4 megabytes of memory. The camera can take 12 high-resolution images or 50 low-resolution images.

Editing and printing the pictures is easy. Plug the camera into the computer, download the images and then use photo editing software to rework the pictures.

Sega Enterprises Ltd. has officially acknowledged an alliance with Microsoft Corp. for its next-generation Sega game machine. The Sega machine will have much of the functionality of desktop computers by deploying Microsoft's Windows CE.

In an attempt to trump Sony Computer Equipment's PlayStation, Sega's action was seen by analysts as a move to focus on rebuilding Sega's home video game business.

PAUL FLOREN is on the staff of the International Herald Tribune.

A Question of Trust on the Net
Security Concerns Slow Growth in On-Line Sales

By Brian Knowlton

WASHINGTON — The Internet has grown beyond its creators' wildest expectations, becoming an increasingly indispensable tool for research, communication and entertainment. Commerce has grown rapidly, too, but there is little doubt that it could be growing even faster. Concerns about trust, security and privacy have had a powerful braking effect.

With use of the Net skyrocketing — from 0.2 percent of American households in 1993 to more than 15 percent today — on-line consumer shopping is expected to double to \$1.5 billion this year compared to 1997, according to the U.S. Federal Trade Commission.

The base of users is broadening. Demographically, users now look much more like the overall population than in the days when the Net was largely a tool of scientists or a toy for computer geeks. In 1994, only 5 percent of American users were women; now the figure is close to 40 percent, though it is lower in Europe and Asia.

On-line sales are burgeoning in some sectors. Barnes & Noble, the book retailing giant, says that sales through America Online Inc. and its own World Wide Web site will bring in \$15 million to \$20 million this year, but an estimated \$120 million next year.

Yet a gap lingers between fast-growing Internet use and the seemingly boundless potential for sales.

"If we can establish solid, respectful interactivity guidelines between Web merchant and user, writes Internet Computing magazine, "the sky could be the limit for profitability and consumer options."

Trust is the fundamental ingredient

missing in the minds of many users, surveys find. Georgia Institute of Technology researchers found last year that 40 percent of respondents had provided false information at least once when registering at electronic sites on the Web, primarily for fear about how that information might be used, or misused.

Many Internet specialists say users' fears are largely exaggerated. Not these experts invariably add in the next breath that buyer-beware cautions are fundamental in the on-line world.

An estimated 4 percent of U.S. households handle banking transactions on-line. On-line stock trading, by companies like ETrade and Ameritrade, is also growing fast. In 1996, 1.5 million

users' fears are largely exaggerated.

American investors traded on-line; given increased confidence, the number could reach 10 million accounts by 2001, according to a study by the Arthur Andersen consultancy.

The questions of trust and confidence underlie the debate over encryption of on-line communications. Encryption uses codes based on mathematical algorithms to make communications secure. The Clinton administration does not want to allow foreign sales of encryption technology, for fear it will be used by drug traffickers, terrorists and other enemies of the state. But the administration has said it has no intention of seeking to control data-scrambling technology inside the country.

Encryption of financial transactions, including payment by credit card, offers a high level of security, said James Boyle, an American University law professor who wrote a 1996 book on the law and electronic communications. Stories about credit card number theft, he said, are largely a myth. Increasingly, technological fixes, like the user-unique codes known as "digital signatures," will improve security, he said.

Big Internet providers guarantee purchases made by their customers from vendors within their electronic area. AOL will pay any loss due to credit card fraud that exceeds what the card company covers. So far, said Tatiana Gau, vice president for integrity assurance at AOL, the Virginia-based company has never had to make good on that guarantee.

The industry has learned that users' fears about privacy have a direct cost. An announcement a few years ago that AOL planned to sell information about its client list led to widespread cancellations — and a reversal by the company.

At present, AOL, which has 11 million customers worldwide, including 1 million in Europe, is revising its "terms of service," said Ann Brackbill, senior vice president for communications, to make even more plain to users that there will be no disclosure to outside parties of any customer information except mailing lists, unless by court order; that private communications will not be compromised. (AOL has admitted that it erred in providing to a navy investigator information about a sailor who referred on-line to being gay.)

A key point of concern, said Joshua Michal Marshall, author of articles on the subject in the Internet Legal Practice Newsletter, is something called "cookies" — small electronic files that an Internet site can place on the hard drive of a user's computer, often without his knowledge, to gather information about the user and his on-line habits.

Most cookies are harmless — preserving logon information for a site that

requires a password, for example. But they are increasingly pervasive.

And companies often seek to gain more information, useful in directing their marketing pitches, by having users register on-line for contests or giveaways. A promotion last year by Volvo of North America, for example, offering free test rides and other gifts, received 53 million electronic visits in three weeks.

Most Internet browsers now allow users to be notified each time a cookie is being added, and to block or remove it. "Increasingly," said a congressional technology analyst who asked that his name not be used, "you will know when you're being followed — which is what cookies do."

A European Union directive, to take force in October, aims to protect personal information in computer databases and networks in Europe, and it could have a wider effect. The directive holds that personal data must be processed fairly and lawfully, and collected for specified and legitimate purposes only. Accuracy must be maintained. The subject's explicit consent must be obtained. He must have the right to object to certain data transfers, and to correct mistakes.

The processing of certain categories of data — on race, political opinions, health and sex life, for example — is generally prohibited. Each member state must establish a "supervisory authority" to oversee enforcement of the directive.

The European directives, according to Susan Gindin, a Colorado lawyer, "may have vital global trade consequences." She added that "people in the corporate world can't quite believe the EU is going to stick to its guns and enforce its policy against U.S. companies." The United States, with a patchwork of privacy controls largely dependent on self-regulation, would fall short of the EU standards.

Commission officials have indicated some flexibility in applying their standards extrajurisdictionally, and have said that they want to avoid any disruption in commerce.

The United States has remained notably shy about installing the national privacy-monitoring authority that the EU calls for. The Clinton administration has said that "governments must adopt a nonregulatory, market-oriented approach."

MR. CLINTON called this year for Congress to pass the Internet Freedom Tax Act, which would permit states to tax commerce on the Internet only if the vendor has a "physical presence" in the buyer's state — the same policy that applies to mail-order sales. The bill, with strong support by Netscape, Microsoft, AOL and other Internet companies, would also ban new Internet taxes for several years.

The National Governors Association, on a collision course with Mr. Clinton, last month adopted a resolution calling on states to establish single tax rates on all electronic commerce over the Internet and mail-order purchases. Only the governors of California and Virginia, states with powerful Internet-related industries and companies, dissented.

An industry group called the Global Internet Project, comprising computer-sector companies, says the world generally appears to be reaching the conclusion that private self-regulation is the way to go. While some countries, notably China, restrict access to the Internet, or filter out its content, the trend is in the other direction. India is ending the monopoly of a state-controlled company that permits access to the Internet.

BRIAN KNOWLTON is on the staff of the International Herald Tribune.

Q&A/ Richard Stallman

Why Software Should Be Free and Shared

Richard Stallman developed the free software operating system called GNU, which is currently used by an estimated five million people. Principal author of several GNU programs, Mr. Stallman, 45, was awarded a MacArthur Foundation Fellowship in 1990, and received an honorary doctorate from the Royal Institute of Technology in Sweden. He is currently a researcher in residence at the Massachusetts Institute of Technology in Cambridge, Massachusetts, where he recently met with Ken Shulman.

Q. What is free software?
A. Free software is software that gives the users freedom in how they use it. In contrast, proprietary software is not free, because its uses are restricted. You are prohibited from changing proprietary software. You are not provided with the codes to modify it. And you are also forbidden from sharing copies of that software with your neighbor. If you share it with your neighbor, they call you a pirate.

With free software you are encouraged to share with your neighbor. You are permitted and enabled to learn how the software works, to make changes, and to publish improved versions of it so that the whole community can benefit.

Q. Do you think it is unethical to profit from the creation of software?
A. Not at all. But, as in any area of business, there are certainly some prof-

itable things that are unethical. There is nothing immoral about profiting from making paper. But it becomes immoral if you pollute a river while doing it.

Likewise, there is nothing wrong about profiting with software. What's immoral is if you do it by hurting people, or by tempting them into betraying each other. This is what proprietary software normally does. The problem is not that you have to pay for proprietary software. The problem is that you also accept being forbidden to share with your neighbor.

Q. How do most software providers currently make their profits?
A. Usually by keeping the users in the dark, by making them helpless, and forbidding them to help each other. Users receive only the executable form of the program, which is a bunch of numbers that don't mean anything to anybody, not even a programmer. People can't learn how the program works and they can't change it.

Think about that. If you didn't like the way your walls in your office were arranged, you would hire a carpenter to move them around. But if you discover that your software is causing extra trouble, you can't just hire a programmer to fix it. Unless it is free software.

Because free software gives you the ability to study the program and change it.

Q. Do you think that any intellectual

property should be protected by copyright?

A. People often use the term intellectual property as if it were the name for one specific thing. Actually, it's a catch-all category, and includes several different legal systems. If you want to understand them, you've got to understand them one at a time.

In addition, copyright is not a natural right under the U.S. Constitution. The Constitution says that Congress shall have the power to promote the progress of science and the useful arts by reserving to authors and inventors for a limited time the exclusive use of their writings and inventions. The words don't say that authors or inventors are entitled to anything. They make it an option. The purpose is not to treat authors or inventors better because they deserve to be treated better. The purpose is to promote progress, a result that benefits the public.

Q. GNU software carries a copyleft. What is that?

A. Copyleft is a method that ensures that every person who gets a GNU program has the freedoms I've told you about. Our software is copyright, but we give the user permission to give away copies and to make changes and publish a changed version.

We only require that when someone publishes a changed version, he publishes it under these same terms, with no other restrictions added. The free-

dom to share and change software is an inalienable right in the GNU project.

Q. Is software unique in regards to copyright laws? Are there any analogies with other creative fields?

A. The system in music, for example, that requires record companies to pay royalties to composers is a restriction in freedom to some extent. The question is whether this restriction is harmful. For the most part, I think the current system of copyright for songs would be acceptable if people were able to give copies to their friends without restrictions.

Yet a similar copyright system for software would be lethal for free software. With free software, we are constantly taking pieces of software from many different people and combining them. You wouldn't be able to keep track of a system that required you to pay royalties for each piece you use in the software.

The closest analogy I can think of for software are recipes. A recipe, like a computer program, is a series of steps to be carried out in a particular order to get a result. People constantly share recipes with other people and change them. And if we stopped them from doing so it would make life very unpleasant for people who use recipes. And they would resist this prohibition with all their might.

KEN SHULMAN is a freelance journalist based in Boston.

's Still Out

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WORLD ROUNDUP

Mandela Criticizes Rugby in Court

RUGBY UNION President Nelson Mandela on Thursday attacked racism in South African rugby and criticized Louis Luyt, the head of the South African Rugby Football Union, during an angry defense in the High Court in Pretoria of his decision to order the sport's affairs investigated.

Mandela said he had last year appointed a judicial inquiry into the affairs of SARFU after allegations of racism, nepotism and corruption were leveled against it.

SARFU claims the inquiry was unconstitutional.

Mandela asked why Luyt was resisting the investigation. "It gives the message that he is hiding something," Mandela said. (AP)

Historic Day for Cricket

CRICKET Mahiya Ntini became South Africa's first black test cricketer Thursday when he made his debut against Sri Lanka in Cape Town.

The 20-year-old Xhosa fast bowler had little to do on the first day. South Africa batted and reached 298 runs for six wickets. Daryll Cullinan was the top scorer with 113 runs. Ntini is scheduled to bat last for South Africa.

In Calcutta, India raced to 369 for the loss of only three wickets Thursday on the second day of the second test against Australia.

Navjot Sidhu was India's top scorer with 97. His opening partner, Vangipurapu Lakshman, scored 95. India leads by 136 runs. (Reuters)

Sprewell Faces Jail

BASKETBALL Latrell Sprewell, suspended for attacking Golden State coach P.J. Carlesimo, faces 30 days in jail on a misdemeanor charge of reckless driving, filed by the district attorney in Contra Costa County, California.

Sprewell is accused of injuring two people after driving 90 miles per hour and slamming his car into another vehicle as he tried to swerve back onto a freeway from an exit lane. Sprewell was unhurt but the two people in the other vehicle, sustained minor injuries. (AP)

\$36 Million Deal for Sapp

FOOTBALL The Tampa Bay Buccaneers made tackle Warren Sapp the highest paid defensive player in NFL history on Wednesday, signing him to a six-year, \$36 million deal that includes a bonus of more than \$8 million. (AP)

Brazil Wants Barca Stars

SOCCER Mario Zagallo, the Brazil coach said Wednesday that he might demand that Barcelona release its Brazilian players — Rivaldo, Giovani and Sany Anderson — for a match against Argentina on April 29, the night Barcelona faces Majorca in the Spanish Cup final. (Reuters)

The Sweetness Returns For Coach Harrick

Life Is a Box of Chocolates in Rhode Island

By William C. Rhoden
New York Times Service

KINGSTON, Rhode Island — Jim Harrick walked into the small press room here at Mackal Field House with a box of chocolates. How fitting. Just a few days ago, Harrick's Rhode Island team, seeded No. 8, pulled off the upset of the National Collegiate Athletic Association tournament by knocking No. 1 Kansas out of the Midwest Regional with an 80-75 victory.

The box of chocolates, then, symbolized the sweetness of the victory Sunday for a spot in the Round of 16. But for Harrick, 59, the sweetness goes far beyond a victory over Kansas.

Last season, Harrick was out of college basketball, forced out one year after leading UCLA to a national championship.

He was fired for lying about a detail on an expense report. Last year, he roamed the tournament like a ghost, working as a television analyst.

At the Final Four games, you could sense the agony and yearning as he interviewed Lute Olson, his Pacific-10 rival at Arizona, as Olson was about to capture the national championship. Harrick was unable to compete for.

It was a humbling moment for a coach alternately known as arrogant and down-to-earth.

When word first surfaced last spring that Harrick was the leading candidate to replace Al Skinner, segments of the Rhode Island faculty were not pleased. They felt that hiring Harrick would send out a wrong message by a school that had already suffered the exposure of a gambling ring in 1992 that involved students and an incident in which members of the football team trashed a fraternity house.

When Robert Carothers, the university's president, introduced Harrick last May, he prefaced his remarks by speaking of the hero who reaches the pinnacle and then falls.

"There is a moment of recognition and realization in which the fallen hero realizes his flaw and expresses contrition," Carothers said. "There is a thing called redemption."

Not everyone accepted that feel-good analogy.

Carothers said he spoke with the UCLA trainer for more than an hour. However, he never spoke with Peter Dallis, the UCLA athletic director, who dismissed Harrick in the first place.

The view from Rhode Island is that there was a clash of egos — Harrick's and Dallis's — at UCLA and that Harrick lost.

But the fact remains that Harrick lied to his superior to cover up what could have been an NCAA violation.

"We had a candid talk about that," Carothers said. "He said he did it out of loyalty, but that can't be the highest standard."

All the lofty talk of higher standards and heroes fallen from Olympus is fine in the abstract.

In the hurly-burly of big-time athletics, the fuel on which programs run is players. The catch phrase is not contrition but "getting it done." Perhaps the question is whether Rhode Island has made a Faustian pact: For want of national exposure, has the university sacrificed a pinch of integrity?

One of Harrick's first acts was to bring Lamar Odum to the campus.

Odum, a talented player who has not qualified academically to play college basketball, is enrolled as a nonmatriculating student. He could enroll next fall as a freshman.

And there are rumors that Harrick's Rhode Island job may just be a life raft that carries him to the National Basketball Association.

"This is not a stepping-stone for me," Harrick said Tuesday. "This is a fresh start for me."

For Harrick, the chocolates he carried represented the sweetness of redemption, the sweetness of revenge and the sweetness of family.

"The wounds are healed but the scar's still there," he said. "I think about it," he said.

He also thinks about the exhilaration of leading a new team to new heights. To coaching against his son, Jim Jr., a Valparaiso assistant, on Friday.

"There are defining moments in your life," Harrick said.

Tyus Edney going the length of the floor was a defining point in my coaching career. Winning the national championship, beating Kansas and hugging your son after the victory. These are defining moments in your life."

Tarkanian and Team Get a Warning

The Associated Press

FRESNO, California — Jerry Tarkanian arrived at Fresno State three seasons ago with a promise to turn the basketball team into a winner.

He made good on that vow, but along with that success has come trouble that threatens to undermine the Bulldogs' run to the National Invitation Tournament quarterfinals.

A day after two players were arrested on robbery and assault charges, the Fresno State president, John Welty, said Wednesday that he would pull the school out of the tournament "if any player or coach further disgraces this university with objectionable behavior."

The arrests are merely the latest problems facing the Bulldogs.

Welty said his patience "is at an end" with drug and other legal problems that have resulted in 6 of the school's 10 scholarship players serving suspensions this season.

The school president said such incidents, as well as an ongoing grand jury investigation of alleged point-shaving last season, have badly damaged the university's image.

"Obviously, the behavior of a couple



GOLDEN FAREWELL — Sam Jacobson, a Minnesota forward, powering between Aaron Hutchins (12) and Mike Bergen of Marquette University in a National Invitation Tournament quarterfinal in Minneapolis. The Golden Gophers won, 73-71, and advanced to the NIT finals in New York. Jacobson, a senior, scored 21 points in his final home game.

of our basketball players has again generated a black eye for this university," Welty said. "With each shameful incident, the institutional damage is compounded."

The Bulldogs advanced to the third round of the NIT with a last-second 83-80 victory over Memphis on Monday. They were scheduled to play a quarterfinal game Friday night at Hawaii.

Avondre Jones, a senior, and Kenny Brunner, a freshman transfer, were arrested Tuesday for investigation of robbing and assaulting an acquaintance, Colin DeForest, with a gun and two samurai swords.

The alleged incident occurred hours after the victory over Memphis, as the three drank whiskey and watched television.

Avondre put the gun right up against my face and said to me, 'I can just blow a hole through your face right now. What do you think of that?'" DeForest said.

DeForest told police that Jones, with Brunner's help, then took a daily planner containing \$250 and a camera from his backpack.

Jones and Brunner denied the accusations, but Tarkanian kicked Jones

off the team and indefinitely suspended Brunner.

The police report was submitted Wednesday to prosecutors. The district attorney, Ed Hunt, said no action was expected for at least two weeks, giving officials time to investigate the case.

Welty supported Tarkanian, saying that the coach has strongly backed the school's tough new code of conduct that resulted in player suspensions. Tarkanian kicked Jones off the team because the center was ordered to follow stringent rules as a result of a previous suspension.

Tarkanian is one of the most successful coaches in college basketball history, but trouble has followed him from Long Beach State to the University of Nevada at Las Vegas to Fresno State. A 1995 graduate of Fresno State, he has led the Bulldogs to three straight NIT appearances.

Several players were suspended this season for incidents involving domestic violence. A star guard, Chris Hearen, left the team for part of the season to deal with a substance abuse problem, and a federal grand jury continues to investigate the point-shaving allegations from last season.

Rough Night For Malone In Charlotte

The Associated Press

It was a rough night for Karl Malone and the Utah Jazz.

The Hornets snapped Utah's 11-game winning streak, 111-85, on Wednesday night in Charlotte, and Malone finished the game looking like a beaten boxer.

Malone got scratched across the face when Charlotte's David Wesley tried to block a shot late in the second quarter, and he played the second half with

NBA Roundup

swollen eyes. He later accused Wesley of trying to hurt him.

"I've played the game long enough to know when a guy is really going at the basketball, and he went at my head," said Malone, who scored 17 points on 6-of-15 shooting. "So I'll just throw that one in my memory banks."

Wesley, who at 6-foot-1 (1.8 meters) and 202 pounds (92 kilograms) is eight inches shorter and 54 pounds lighter than Malone, called the accusation "ridiculous."

"He'd already put an elbow in my face," said Wesley, who had 13 points and 13 assists. "It was just a foul. I'm down there by myself. He's already got a foot in the lane. What am I going to do?"

Glen Rice scored 26 points on 11-of-14 shooting for the Hornets, who shot a season-best 61 percent from the field and won for the 12th time in 13 games.

The Jazz shot only 37 percent from the field, more than 11 percent below their league-leading average.

Heat 94, Grizzlies 91 Alonzo Mourning scored 26 points and Dan Majerle scored four in the final 70 seconds as Miami beat visiting Vancouver.

Tim Hardaway had 23 points and 11 assists for the Heat. Shareef Abdur-Rahim scored 21 points and Bryant Reeves had 20 for the Grizzlies, who have lost five straight and 13 of 14.

Pacers 104, Pistons 96 Allen Iverson scored a season-high 38 points as Philadelphia won in Detroit.

The Sixers also got a lift from two former Pistons, Theo Ratliff and Aaron McKie, who were acquired in December in a trade for Jerry Stackhouse and Eric Montross. Ratliff had 18 points and 10 rebounds, while McKie finished with 12 points, eight rebounds and eight assists. Grant Hill led Detroit with 31 points and nine rebounds.

Spurs 92, Timberwolves 76 Tim Duncan had 20 points and 11 rebounds, and San Antonio held host Minnesota to a season-low point total.

SuperSonics 99, Clippers 80 Dale Ellis matched his season high with 23 points as Seattle became the NBA's first 50-game winner this season. Ellis scored five points in a 14-0 run that gave the host Sonics a 91-75 lead with six minutes remaining.

Lakers 99, Suns 93 Shaquille O'Neal scored 33 points and grabbed a season-high 22 rebounds as the Los Angeles Lakers held off Phoenix for their seventh victory in eight games.

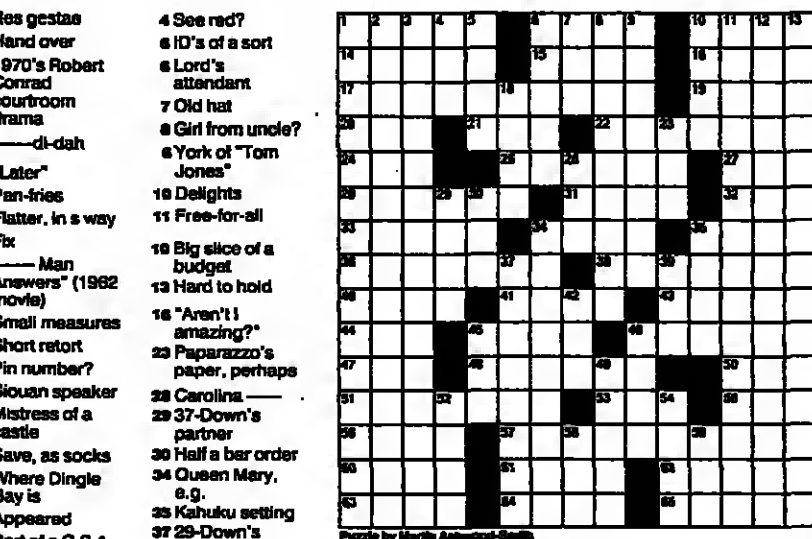
Robert Horry had 18 points and 10 rebounds for host Los Angeles. Antonio McDyeas led the Suns with 20 points and seven rebounds, but was held scoreless in the fourth quarter.

CROSSWORD

- ACROSS**
- 1 Jackson Five features
 - 6 Have a fling?
 - 10 Voigt and others
 - 14 Fieldworkers' items
 - 16 Rwanda native
 - 18 Shade of blue
 - 17 Dynasts
 - 19 Cryptobiologist's interest, perhaps
 - 20 Back muscle, briefly
 - 21 Pablo or Pedro, e.g.
 - 24 Stew ingredient
 - 26 Bertozzi's "Les nuits d—"
 - 28 Actress Durbin
 - 27 Heat unit?
 - 29 Christmas crocker?
 - 31 Split the beans
 - 32 Ending of most odds
 - 33 Prefix with central
 - 34 Strawberry's field, once
 - 36 Barbra's "Funny Girl" co-star
 - 38 Sweetened head
 - 39 On sale
 - 40 Res gestae
 - 41 Hand over
 - 43 1970's Robert Conrad courtroom drama
 - 44 ———-di-dah
 - 45 "Laird"
 - 46 Pan-fries
 - 47 Flatter, in a way
 - 48 Fix
 - 50 "——— Man Answers" (1992 movie)
 - 51 Small measures
 - 53 Short retort
 - 55 Pin number?
 - 56 Shoun speaker
 - 57 Mistress of a castle
 - 59 Save, as socks
 - 61 Where Dingle Bay is
 - 62 Appeared
 - 63 Part of a C.S.A. signature
 - 64 Made tracks
 - 66 Collier, in architecture

Solution to Puzzle of March 19

STASHED HEP AGE
COMBINE IRA MAX
MOCHAISAMAY AIR
DENZ NIMO ASTRO
TERI AMULET
ACH OATS RENUS
CLOSE OKRA YROT
RAFT IDEAL ROLE
EASE LOOZ GAFFE
SPURTO OOS NED
RUOVS ALTEASE
ATA ENOESLOVE
YAT TEO OAHARAN
OWB STY TWADDLE



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- DOWN**
- 1 Diner order
 - 2 Uncommitted money
 - 3 Corrupt and then some
 - 4 See red?
 - 5 IO's of a sort
 - 6 Lord's attendant
 - 7 Old hat
 - 8 Girl from uncle?
 - 9 Yerk of "Tom Jones"
 - 10 Delights
 - 11 Free-for-all
 - 12 Big slice of a budget
 - 13 Hard to hold
 - 14 "Aren't I amazing?"
 - 15 Paparazzo's paper, perhaps
 - 16 Carolina ——— partner
 - 17 Half a bar order
 - 18 Queen Mary, e.g.
 - 19 Kabuku setting
 - 20 29-Down's partner
 - 21 Traveler's info, for short
 - 22 The buck stops here?
 - 23 ——— Magnon
 - 24 End of a party song
 - 25 Old hat
 - 26 Artist Magnito
 - 27 Certain hockey shot
 - 28 Were up to date?
 - 29 It's south of Scorpius

Gretzky Slips One Past the Canadiens

The Associated Press

The New York Rangers peppered the Montreal goalie Jocelyne Thibault with shots throughout overtime Wednesday night. Thibault was up to each challenge — until Wayne Gretzky made the play of the night.

Gretzky's brilliant pass between two defenders was tipped home by Kevin

Islanders 4, Senators 4 Ottawa fought back from a 4-0 deficit in the third period. Magnus Arvedson, Wade Redden and Shawn McEachern scored for the Senators in a 4:05 span. Sergei Zholtok sent the game into overtime with 1:28 remaining.

Tom Chorske scored two unassisted goals for the visiting Islanders.

Penguins 4, Oilers 2 In Pittsburgh, Jaromir Jagr scored his 31st goal and Ron Francis had two assists to raise his career total to 999. Francis has 55 assists this season, and is trying to become the seventh NHL player to get 1,000.

Rob Brown scored the tie-breaking goal in the second period.

Devils 3, Mighty Ducks 0 Martin Brodeur broke his team record for victory in a season by stopping 25 shots for New Jersey at home.

Brodeur did not have to make many difficult saves in recording his 38th victory, but he stopped Teemu Selanne, who has 43 goals this season, three times on breakaways.

Capitals 1, Hurricanes 0 Olaf Kolzig stopped 36 shots for his third shutout of the season. The Capitals, the top penalty-killing team in the NHL, shot down all eight power plays by Carolina.

Steve Konowalchuk's first-period

power-play goal was enough to give the Capitals their fifth win in six games and to snap a four-game road winning streak for the Hurricanes.

Lightning 4, Canucks 2 Stephanie Richer had two goals and two assists and Mark Fitzpatrick made 33 saves as Tampa Bay won its second straight home game. Richer converted two feeds by Jody Hull into goals and added assists on goals by Darcy Tucker and Hull to cap a four-point night.

Red Wings 5, Maple Leafs 2 Kris Draper scored twice and Norm Macaire, a rookie goalie, made 20 saves to win his second game in as many nights.

Mike Knuble, Brendan Shanahan and Vyacheslav Kozlov also scored for Detroit, which ended a three-game road losing streak. Alyn McCauley and Derek King replied for Toronto.

Stars 3, Sharks 1 Jamie Wright and Dan Keckmer, fill-ins for injury-plagued Dallas, both scored. Dallas also got a power-play goal, its 14th in the last 14 games, from Jere Lehtinen with 9:23 remaining. The Stars have won three straight.

San Jose outshot the visitors 34-13, but was frustrated by goalie Roman Turek, who had 33 saves in his sixth straight victory.

LIVE - Tennis - Key Biscayne

tune in tonight

19.00 (CET)

EUROSPORT

Eurosport, Europe's No.1 Sports TV Channel, available on cable and satellite

SPORTS

Monaco's Awesome Strike

Knocks Out Manchester

Real Madrid, Juventus and Borussia Advance

By Rob Hughes
International Herald Tribune

LONDON — A goal of beauty, laced with tearful power, put Monaco into the final four of the Champions League.

The shot registered 96 miles per hour (155 kilometers) on an electronic device. It was struck Wednesday night by David Trezeguet and even though Manchester United tied the

opposition but, wait, Ferguson had some-thing to add: "If we'd been closer to a full strength side, we'd have beaten them without doubt."

If Ferguson had allowed his team to play its normal, attacking, vigorous style in the game in Monte Carlo two weeks ago, who knows what might have been. Instead, United, playing a sterile, low-tempo goalless draw in the Louis II Stade, underestimated Monaco on Wednesday night and failed to pressurize the French team, which had eight players with yellow cards.

Monaco accepted the dull draw at home because it meant no further yellow cards and allowed it to field a full team for the second leg — where John Collins, the most tenacious player on the field, and Philippe Leonard both received a second booking. They will miss the first leg of the semifinal, but had those cards come in Monaco, the two would not have played Wednesday to help eliminate United.

Ferguson's claim about his luck and injuries has truth. His goalkeeper, Peter Schmeichel, as well as Gary Pallister, Roy Keane, and Ryan Giggs, missed the game. Worse, United had gambled on Gary Neville and Paul Scholes, both of whom lasted less than half the contest.

But in soccer there is a saying: You make your own luck. Manchester, ruled these days by a public limited company, knew some of the injuries were long-term, yet failed to invest in quality backups.

Jean Tigana made light of his problems rebuilding Monaco after losing players of the caliber of Sonny Anderson. He recast his team, he motivated them and marshaled them. On Wednesday, the impressive Martin Djetou shut out Teddy Sheringham, United's intended playmaker. And while United complained that its resources were depleted and its reserves too young, Monaco fielded eight players younger than its Manchester counterparts.

Real Madrid 3, Bayer Leverkusen 0. The 90,000 people in Madrid's Bernabeu Stadium, waiting for Real to reclaim the Euro-



Andrei Sokolov of Lokomotiv Moscow, battling Tony Savevski, left, and Ilias Atmatzidis of AEK Athens during a Cup Winners Cup match Thursday in Moscow. Igor Chingunov scored a late goal to give Lokomotiv victory, 2-1, in the game and overall.

pean Cup it last won in 1966, watched, hearts in mouth, as the Leverkusen goalie, Dirk Heinen, defied Raul Gonzalez and company for 49 minutes.

Then Christian Karembeu, who scored his first goal for Real in the 1-1 draw in the first leg, headed in the opening goal from Clarence Seedorf's corner kick.

Fernando Morientes, a substitute for the injured Brazilian Savio, scored with another header, from a corner. Finally, Fernando Hierro, always a power for Real though he misses the first leg of the semifinal because he is suspended, thumped home a penalty kick. It was all Leverkusen, for their caution and their reliance on Heinen's heroics, deserved.

Borussia Dortmund 1, Bayern Munich 0. The stalemate between Germany's other two entries lasted 109 minutes in Dortmund before Stéphane Chapuisat scored the only goal.

The modern German way is to eliminate risk. It remains puzzling and painful that Franz Beckenbauer, in his day the most enterprising and elegant of players, makes apologies for this anti-football.

"My team tried everything, but we were unlucky," said Beckenbauer, now Bayern's pres-

ident. "We were careless when they scored, and Chapuisat was lucky to hit the ball just right."

Remember, you make your luck. Deep into extra time, Chapuisat found half a yard of space 11 meters from the Bayern goal and, with a left foot volley, guided the ball venomously beyond Bayern's goalkeeper. Oliver Kahn, into the top corner. That may be luck. Bayern has gone five games without scoring, and even Beckenbauer agreed that his quarterback team was "a bit too passive."

Dynamo Kiev 1, Juventus 4. There was nothing remotely passive about Filippu Inzaghi, who repaid the continuing faith of Marcello Lippi, the Juventus coach, with three goals in front of 100,000 Ukrainians.

Two of the goals, were headed in from corners and one tapped home after a silky run from the wizard Zinedine Zidane. Too often Inzaghi has failed to finish what he started. It was his time Wednesday in cold Kiev and with Alessandro Del Piero chipping in a fourth goal, the earlier strike from Sergei Rebrov became insignificant.

Rob Hughes is on the staff of The Times of London.

Owners Approve

Dodgers' Sale to Murdoch Group

The Associated Press
ST. PETERSBURG, Fla. — Baseball owners on Thursday approved the sale of the Los Angeles Dodgers from Peter O'Malley to Rupert Murdoch's Fox Group.

"Fox will be a great contributor to the baseball industry," said O'Malley, who will remain as an executive with the team. O'Malley's family had controlled the team since Oct. 26, 1950, when the Dodgers were still in Brooklyn.

"Since Fox entered sports, we have been amongst the strongest believers and supporters of major league baseball," Murdoch said in a statement. "As owners of the Dodgers, we will work hand-in-hand with the other owners to further assure the long-term growth and success of America's pastime."

In approving the sale, owners disregarded the opposition of Murdoch's arch enemy, Ted Turner, who is vice chairman of Time Warner Inc. and owner of the Atlanta Braves.

Source close to the Dodgers and Fox, speaking on condition of anonymity, said the vote by National League teams was 14-1 with one abstention, and 13-1 in the American League. The votes against the sale were cast by Turner's Braves and the Chicago White Sox; the New York Mets abstained.

The sale, valued at about \$350 million, includes the team, Dodger Stadium, 300 acres surrounding the ball park in downtown Los Angeles and training complexes in Vero Beach, Florida, and the Dominican Republic. The most paid previously for a baseball franchise was the \$173 million the Baltimore Orioles brought in 1993.

Turner, who has sparred with the more conservative Murdoch over politics and their competing businesses, attended an owners' meeting for the first time in nine years in an attempt to block the sale.

He spoke Wednesday for less than five minutes, according to several owners who spoke on the condition they not be identified.

Turner took a low-key approach of outlining Murdoch's possible legal conflicts of interest and questioning whether he would be a partner with the other owners.

Critics have noted that Fox, a division of Murdoch's News Corp., has national television and cable contracts with baseball and has full or partial local rights to games involving 22 of the 30 teams.

Chase Carey, News Corp.'s co-chief operating officer, met with several owners Wednesday to address their concerns.

"I believe the synergism all the way around is very useful," said Bud Selig, the acting commissioner.

SCOREBOARD

BASEBALL

EXHIBITION BASEBALL

STANDINGS

Team	W	L	Pct.
Texas	15	6	.714
Baltimore	11	5	.688
Seattle	10	6	.625
San Diego	12	8	.600
Chicago	14	10	.583
Atlanta	12	9	.571
Cleveland	12	9	.571
New York	12	9	.571
Seattle	10	10	.500
Toronto	9	12	.429
Tampa Bay	9	12	.429
Kansas City	7	12	.368
Minnesota	6	14	.304
Cleveland	7	13	.350

NATIONAL LEAGUE

Team	W	L	Pct.
San Diego	12	7	.632
Philadelphia	12	7	.632
Houston	10	7	.588
St. Louis	10	7	.588
Los Angeles	11	8	.579
New York	12	9	.571
Atlanta	12	9	.571
Chicago	11	10	.524
Pittsburgh	10	10	.500
Colorado	9	13	.409
San Francisco	9	13	.409
Philadelphia	8	14	.364
San Francisco	6	12	.333
San Francisco	7	13	.344
San Francisco	3	16	.158

WEEKEND PREVIEW

Don't miss the action of the weekend. The following are the scheduled games for the weekend:

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BASKETBALL

NBA STANDINGS

EASTERN CONFERENCE

Team	W	L	Pct.
Atlanta	46	21	.685
New York	39	29	.571
New Jersey	34	32	.515
Washington	32	32	.500
Orlando	32	32	.500
Charlotte	24	39	.381
Philadelphia	25	40	.385

CENTRAL CONFERENCE

Team	W	L	Pct.
Chicago	45	20	.692
Indiana	42	24	.636
Charlotte	39	25	.609
Atlanta	35	29	.547
Cleveland	35	30	.538
San Antonio	34	31	.524
Phoenix	34	31	.524
San Antonio	34	31	.524
Phoenix	34	31	.524
San Antonio	34	31	.524
Phoenix	34	31	.524

PACIFIC CONFERENCE

Team	W	L	Pct.
Seattle	48	17	.738
San Antonio	45	21	.682
Houston	34	31	.524
Minnesota	33	30	.524
Denver	33	30	.524
Portland	32	31	.516
Golden State	31	32	.492
Phoenix	31	32	.492
Golden State	31	32	.492
Phoenix	31	32	.492

CRICKET

SOUTH AFRICA VS. INDIA

TEST MATCH, FIRST DAY

Team	W	L	Pct.
South Africa	22	17	.563
India	18	12	.600

WEST INDIES VS. AUSTRALIA

TEST MATCH, SECOND DAY

Team	W	L	Pct.
West Indies	22	17	.563
Australia	18	12	.600

CHAMPIONS CUP

QUARTERFINALS, SECOND DAY

Team	W	L	Pct.
West Indies	22	17	.563
Australia	18	12	.600

LIBERTADORES CUP

QUARTERFINALS, SECOND DAY

Team	W	L	Pct.
West Indies	22	17	.563
Australia	18	12	.600

ICE HOCKEY

NHL STANDINGS

EASTERN CONFERENCE

Team	W	L	Pct.
Philadelphia	41	17	.707
Pittsburgh	38	20	.657
Washington	37	21	.640
Montreal	36	22	.619
St. Louis	35	23	.604
Calgary	34	24	.588
Edmonton	33	25	.569
San Jose	32	26	.554
Vancouver	31	27	.538
Los Angeles	30	28	.522
San Jose	29	29	.500
Los Angeles	28	30	.484
San Jose	27	31	.468
Los Angeles	26	32	.452
San Jose	25	33	.436
Los Angeles	24	34	.419
San Jose	23	35	.403
Los Angeles	22	36	.387
San Jose	21	37	.371
Los Angeles	20	38	.355
San Jose	19	39	.339
Los Angeles	18	40	.323
San Jose	17	41	.307
Los Angeles	16	42	.291
San Jose	15	43	.275
Los Angeles	14	44	.259
San Jose	13	45	.243
Los Angeles	12	46	.227
San Jose	11	47	.211
Los Angeles	10	48	.195
San Jose	9	49	.179
Los Angeles	8	50	.163
San Jose	7	51	.147
Los Angeles	6	52	.131
San Jose	5	53	.115
Los Angeles	4	54	.099
San Jose	3	55	.083
Los Angeles	2	56	.067
San Jose	1	57	.051
Los Angeles	0	58	.035

PACIFIC CONFERENCE

Team	W	L	Pct.
Seattle	48	17	.738
San Antonio	45	21	.682
Houston	34	31	.524
Minnesota	33	30	.524
Denver	33	30	.524
Portland	32	31	.516
Golden State	31	32	.492
Phoenix	31	32	.492
Golden State	31	32	.492
Phoenix	31	32	.492

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WIZARD OF ID

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Team	W	L	Pct.
West Indies	22	17	.563
Australia	18	12	.600

WIZARD OF ID

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Australia	18	12	.600

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Team	W	L	Pct.
West Indies	22	17	.563
Australia	18	12	.600

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er C.P.J. Stock to Hart-

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ward from Hartford.

William Bicknell to Man-

and C Daniel Briere from

G Grant Fair and G

to multiyear contracts.

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and Per Gustafsson to O-

